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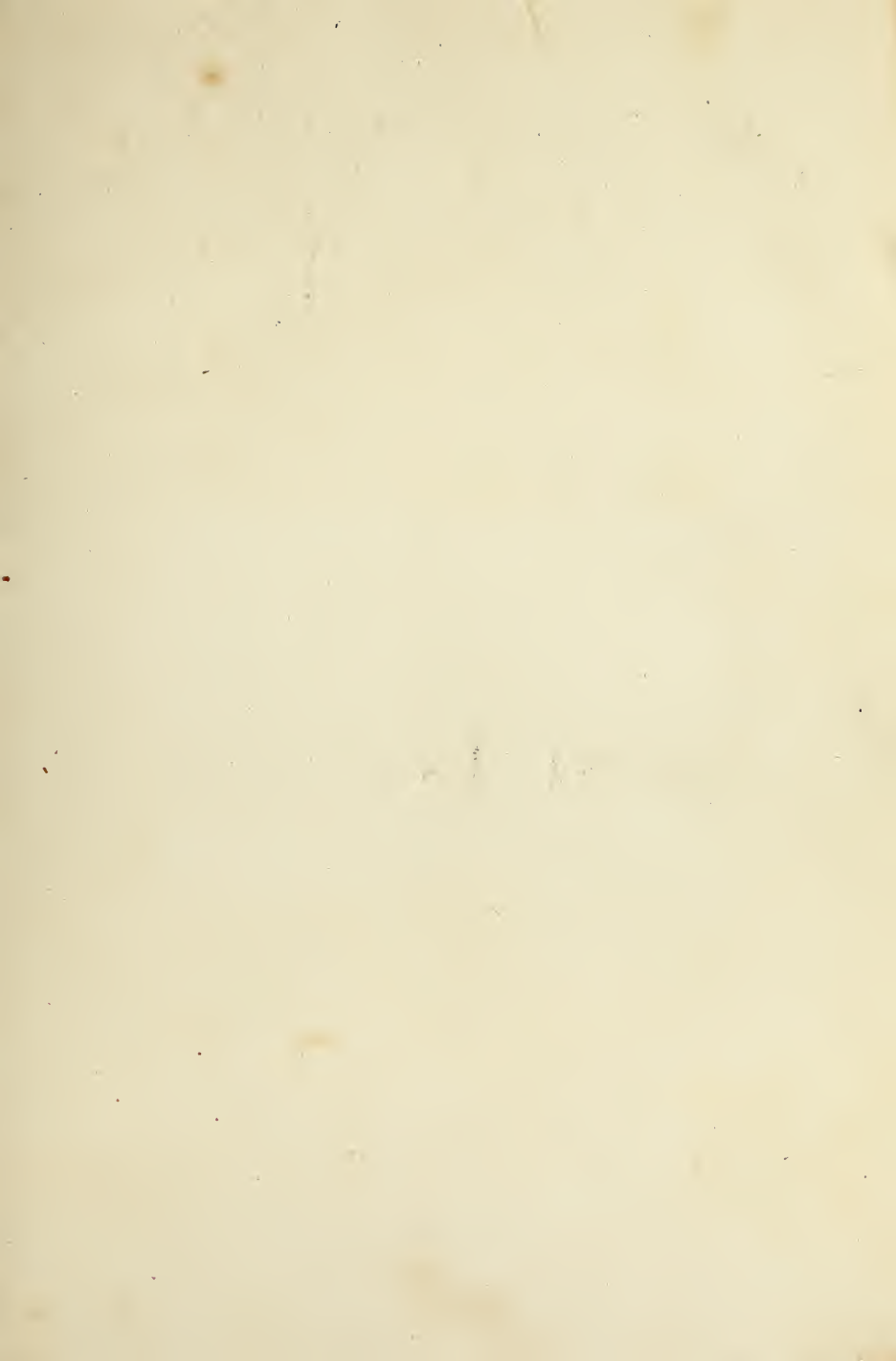
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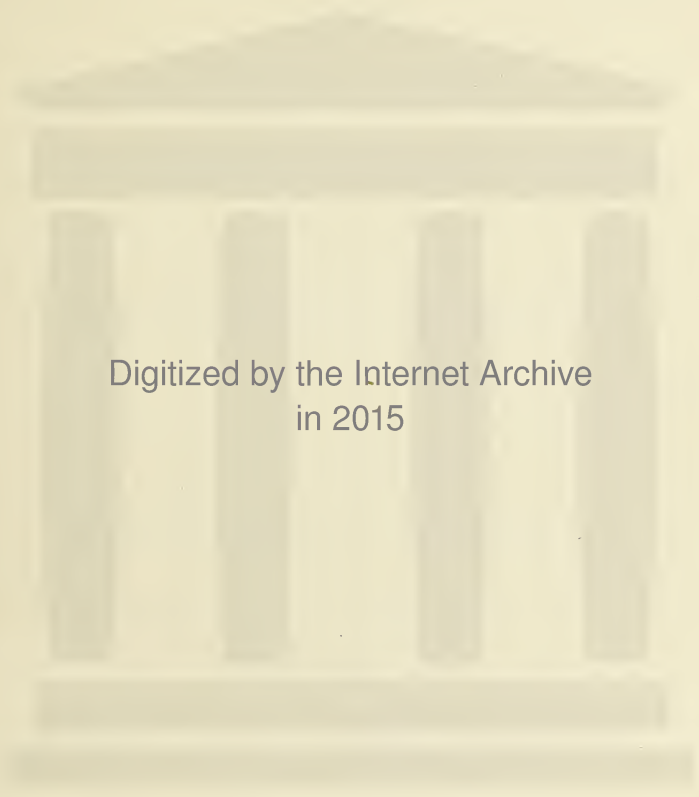
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THE RONALD PRESS COMPANY

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A MANUAL
OF
STATUTORY CORPORATION LAW

CLASSIFIED
CORPORATION LAWS
OF
ALL THE STATES

CONTAINING
A Digest of the Business Corporation Laws of Every
State and Territory of the United States
Arranged Uniformly
with the
Enactments of 1906 Interleaved

BY
M. U. OVERLAND
OF THE NEW YORK BAR

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THE RONALD PRESS
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PREFACE.

The present volume includes the 1905 Session Laws, and therefore presents to the public the last word of the various state legislatures on the law of business corporations. Correspondence has supplied information where the statutes have been silent. Special attention has been given to the laws of the newly acquired territories and dependencies of the United States.

The plan of the work has been to present the laws of each state under a uniform arrangement of subjects, so that for every state information on any particular point will be found in the same relative position. In the subject arrangement the order in which investigation is usually made has been followed. While this order may not be strictly logical, it will be found convenient, permitting, in connection with the uniformity of arrangement, the essential features of the law of each state to be discovered at a glance.

The provisions governing foreign corporations in each state are also given in practically the same order and the digest closes with a statement of the laws of the particular state against combinations and monopolies.

The decisions of the courts of the various states being fairly uniform on those points in which the statutes generally agree, only those important citations have been given which involve distinctive or peculiar features of the statute laws.

The confused state of the corporation laws in many of the states has made absolute certainty in the present digest almost impossible. Every care has, however, been taken to reduce errors to a negligible quantity.

To the busy lawyer or man of affairs it is hoped that this book will prove an efficient aid in the selection of corporate

domiciles, in the conduct of corporate business in the various states and in such other contingencies of corporation practice as require reference to the statutory laws of the states. To the student the work should also be of value as affording a convenient and comprehensive means of comparing the various corporation laws of the Union.

M. U. OVERLAND.

NEW YORK CITY,

December 1st, 1905.

OUTLINE.

The outline given below is followed in the treatment of each state, the numbering and titles being the same in every case as far as possible. Under the general heading "Incorporation" the indicated arrangement has of necessity varied with the procedure of the different states. In some few other cases the arrangement varies occasionally to meet the conditions. In the main, however, the outline has been closely followed. The general headings will be found the same for every state.

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Statutes.

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Organization Expenses.
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ALABAMA.

1. Corporation Laws.*

Constitution. (1902.) Legislature shall not grant charters to any corporation, association or individual (Art. IV, § 104), and shall pass no special act conferring corporate powers, but shall pass general laws. Art. XII, § 229. No corporation shall issue stock or bonds except for money, labor done, or property actually received; and all fictitious increase of stock or indebtedness shall be void. Art. XII, § 234. No corporation shall engage in any other business than that expressly authorized in its charter. Id. Stockholders shall not be individually liable for corporate debts, except for the unpaid stock owned by them. Id. Preferred stock may only be issued by consent of two-thirds in interest of the capital stock, and stock and bonded indebtedness may only be increased under the general laws and with consent of a majority of the issued stock, obtained at a duly called meeting. Id.

Statutes. The general corporation law is embodied in the General Acts of 1903, Act 395. Under this law corporations may be formed for any lawful business or businesses of any kind or nature whatsoever. It covers by special sections banks, gas, railway, canal, navigation and other transportation companies, telegraph and telephone companies; also other corporations for internal improvements and public utilities.

The Code, 1896, Ch. 28, is not repealed, but only superseded in part by the Act of 1903; and Articles III and IV, relating respectively to mutual aid and building and loan associations, and Ch. 63, relating to insurance companies, are expressly exempted from its application. § 54. The taxation of foreign corporations is provided for by Laws of 1903, Act 368.

2. Taxes and Fees.

Organization Expenses. State fees paid to Probate Judge: On capital stock not exceeding \$50,000, \$25; exceeding \$50,000 but not exceeding \$100,000, \$50; exceeding \$100,000, \$50 on the first \$100,000 and \$25 on each additional \$100,000 or fractional part thereof. § 5. Fees to Probate Judge: For examination of certificate of incorporation, \$2.50; for recording same, 15 cents for each hundred words. § 4. To Secretary of State for filing statement of Probate Judge, 50 cents. § 6.

* References, except where otherwise stated, are to General Acts, 1903, Act 395.

Franchise Tax. Code of 1896, § 4122, as amended by L. 1901, Act 1151, is in force and provides (p. 2616) for an annual franchise tax, due October 1st of each year as follows: Capital stock not exceeding \$10,000, \$10; exceeding \$10,000 but not more than \$25,000, \$15; exceeding \$25,000 but not more than \$50,000, \$25; exceeding \$50,000 but not more than \$100,000, \$50; exceeding \$100,000 but not more than \$200,000, \$75; exceeding \$200,000 but not more than \$300,000, \$125; exceeding \$300,000 but not more than \$400,000, \$170; exceeding \$400,000 but not more than \$500,000, \$200; exceeding \$500,000 but not more than \$1,000,000, \$300; exceeding \$1,000,000, \$500.

Local Taxation. Same as against individuals. No exemptions. Tax year begins January 1st; taxes become due October 1st; lien attaches therefor January 1st following. Shares of stock are taxable as against the stockholders, but returns are made by the corporation, which also pays the tax.

3. Incorporation.

Incorporators. Must be three or more, comprising all the subscribers to the capital stock named in the certificate of incorporation. No requirements as to residence. § 1.

Certificate of Incorporation. Must be signed by all the subscribers to the capital stock named therein. § 2. The statute is silent as to acknowledgment. It must set forth (§ 2):

(1) Name of the corporation, which must not be similar to that of any corporation already existing in the State. If the name of a person or partnership be assumed, some word must be added designating the nature of at least one of the businesses to be carried on, followed by the word "company" or "corporation."

(2) Object or objects for which the corporation is formed.

(3) Location of principal office in the State.

(4) Amount of total authorized capital stock, which must not be less than \$2,000; the number of shares into which the same is divided; the amount of capital with which the corporation will begin business, which shall not be less than twenty-five per cent. of the authorized capital, and in no case less than \$1,000; and if more than one class of stock be created by the certificate, a description of the different classes of stock, with the terms on which each class is created.

(5) Name and post-office address of the officer or agent designated by the incorporators to receive subscriptions to the capital stock.

(6) Names and post-office addresses of the incorporators, and the number of shares subscribed for by each, the aggregate of which subscriptions shall be the capital stock with which the company will commence business; the names and

post-office addresses of the directors and officers chosen for the first year.

(7) Period, if any, limited for the duration of the corporation. May be perpetual.

(8) Any other provisions desired for the regulation of the business of the corporation, and defining the powers of the corporation, the directors and stockholders and classes of stockholders.

The certificate shall have attached to it a statement under oath, by the person authorized to receive subscriptions, showing the amount of capital stock paid in, and the amount of stock secured by contracts for stipulated labor or services or transfer of property, which amounts so paid in and secured shall be at least twenty per cent. of the stock subscribed for, and in no case less than \$1,000. § 3.

Filing and Recording. The certificate of incorporation shall be filed and recorded in the office of the probate judge of the county in which the principal place of business of the corporation is established. § 4. Within ten days after such filing the corporation shall cause to be filed in the office of the Secretary of State a statement signed by the probate judge giving the name of the corporation, the names of its incorporators, the date of incorporation, the amount of capital stock, and the name of the county in which incorporated. For failure to file this statement the corporation forfeits to the State fifty dollars, to be recovered at the suit of the State. § 6.

4. Organization.

First Meetings. The first meeting of stockholders is held within the State. The incorporators may attend in person or by proxy. The meeting is usually assembled by written call and waiver, signed by all the incorporators and providing for the time, place and general purposes of the meeting. At this meeting by-laws are usually adopted and such other preliminary business transacted as may be necessary. L. 1903, Act 110.

The first meeting of directors is also held within the State, is usually assembled by call and waiver, and transacts such business as is necessary to complete the organization of the corporation and begin its active business operations.

By-Laws. By-laws are generally adopted by the stockholders at their first meeting and cover the usual details of corporate procedure. No statutory provisions.

Certificates. None required to show completed organization.

5. Corporate Existence.

When Commenced. On filing certificate of incorporation with probate judge and payment of fees (§ 6), and lasts five years beyond dissolution or forfeiture, for the purpose of settling the corporation's

business. § 53. Can not be collaterally questioned. *Harris v. Co.*, 128 Ala. 652 (1900).

Beginning Business. May be commenced on filing and recording certificate of incorporation in office of probate judge. § 6. *City of Greenville v. Greenville W. Co.*, 125 Ala. 625 (1900). Must be begun within five years. § 37.

Renewal. May be secured for a further period of twenty years (§ 7, subdiv. n) by resolution of the board declaring such extension desirable and calling a meeting of the stockholders, at which a vote of the holders of the larger amount in value of each class of voting stock must be in favor of the extension; whereupon a certificate reciting the facts is signed by the president and secretary under the corporate seal, acknowledged and filed in the office of the probate judge of the county in which the original certificate of incorporation was filed, together with a consent in writing, signed in person or by proxy by the assenting stockholders. § 47.

Forfeiture of Charter. Non-user of corporate franchise for five consecutive years is a forfeiture of such franchise. § 37. But only by judicial determination. *State v. R. R. Co.*, 108 Ala. 29; *Block v. Mining Co.*, 129 Ala. 528 (1901).

Dissolution. A corporation may be dissolved by an agreement in writing signed by all the stockholders, acknowledged by the president and filed and recorded in the office of the probate judge of the county where the corporation was organized, together with prescribed certification and publication thereof. § 48.

If unanimous consent can not be secured, dissolution may be effected by petition of two-thirds of the stock to the Chancery Court of the division where the principal place of business of the corporation is located, or any other court having chancery jurisdiction. § 49; *McKleroy v. G. L. & I. Co.*, 126 Ala. 184 (1899).

6. Corporate Powers.

General. The usual common law powers are conferred by the statutes. § 7.

Corporations are also expressly authorized to hold stockholders' and directors' meetings without the State under prescribed conditions. § 7. (See under §§ 8 and 9, "Meetings.") Also mining, quarrying and manufacturing corporations may construct and operate to and from their mines, quarries or works, railways, tramways, canals, tunnels and roads (§ 14), and may construct or purchase and operate steamboats, barges and ships and transport freight and passengers thereon. § 10.

To Hold Property. This power is given broadly. § 7, subdiv. c; § 25.

Its Own Stock. The purchase by a corporation of its own stock is void if by such transaction the corporation's ability to satisfy its creditors is impaired. *Hall & Farley v. Henderson*, 126 Ala., 449 (1899).

Stock of Other Corporations. This power is fully given in § 7, subdiv. j, excepting only railroad and telegraph and telephone companies, which are forbidden to consolidate with or to acquire a controlling interest in any like company owning competing lines, or to acquire such competing lines. *Morris v. Co.*, 125 Ala. 263 (1899).

To Borrow Money. No bonded indebtedness may be created or increased nor real estate mortgaged, without obtaining the consent of the persons holding the larger amount in value of the capital stock, present and voting in person or by proxy, at a regular meeting, or at a meeting called for that purpose. § 7, subdiv. c. "No corporation shall issue stock or bonds except for money, labor done or property actually received; and all fictitious increase of stock or indebtedness shall be void." Const., Art. XII, § 234. See, however, *Bibb v. Hall & Farley*, 101 Ala. 79; *Dexter v. McClellan & Scheerer*, 116 Ala. 37.

To Do Business in Other States. This power is given fully in § 7, subdiv. i.

Consolidation or Merger. Is permitted by § 7, subdiv. k, with limitations as to railroad, telegraph and telephone companies, banking and insurance corporations and the like. The resulting corporation may be either one of those consolidated, or a new corporation. Directions as to procedure for consolidation are found in §§ 39-42; L. 1903, Act 117.

Amendment of Charter. Any obvious omissions or errors in the charter may be supplied or corrected by statement duly verified by the president or other chief executive head of the corporation, filed in the office of the probate judge of the county in which the corporation was organized. § 45.

General amendments of the charter may be effected by majority vote of each class of stock having the voting power. Such vote must be cast at a meeting called by the directors for the purpose, the proceedings thereat being duly certified to the probate judge. § 47.

7. Capital Stock.

Amount. Must not be less than \$2,000. No maximum limit except as to building and loan associations, which must not exceed \$10,000,000. § 2, subdiv. d; § 46.

Initial Payment. Twenty-five per cent. of the authorized capital must be actually subscribed before certificate of incorporation will be filed. Twenty per cent. of such subscription, and in no case less than \$1,000, must be paid, either in cash, property or labor or services secured by contract, at time certificate is filed. §§ 2, 34; L. 1903, Ch. 110.

Consideration for Issue. Subscriptions are payable in money, but necessary services or labor or transfer of property may be received therefor at the reasonable value thereof, in which case the subscription list must show the nature of the services or labor and give a brief

description of the property and the time of transfer. § 26. Stock shall only be issued for money, labor done or property actually received. Const., Art. XII, § 234.

Increase or Decrease. The capital stock may be increased or reduced subsequent to incorporation by amendment of charter. On an increase the same fees on the amount of increase are paid to the probate judge as on original incorporation. § 5; § 7, subdiv. 1. Such amendment requires a majority vote of the stock at a meeting held on notice setting forth the amount of increase or reduction; a certificate of the proceedings at such meeting is made by the president or secretary, under the corporate seal, and filed and recorded in the office of the probate judge of the county in which the corporation was organized. § 46.

Classes of Stock. Preferred stock may be provided for in the certificate of incorporation (§ 2, subdiv. d.), or the same may be authorized by a vote of two-thirds of the stock at a meeting called for that purpose, but in no case shall such issue of preferred stock exceed two-thirds of the entire paid up capital stock. The proceedings of any such meeting are to be certified, filed and recorded as in case of an increase of capital stock. § 43; Const., Art. XII, § 237. Such preferred stock is to be first offered to the stockholders in proportion to their holdings of the common stock. § 43.

Par Value of Shares. May be any amount. § 2, subdiv. d.

Stock Certificates. Must be signed by the president and secretary or treasurer. § 28.

Transfer of Stock. Must be made on the books of the corporation; also pledges thereof, and must be entered on the books of the corporation within fifteen days after the transfer or same will be void as to judgment creditors or subsequent purchasers without notice. §§ 29, 30, 32.

8. Stockholders.

Rights and Powers. Stockholders control amendments to charter. A two-thirds vote is required to consolidate with other corporations (§ 39), issue preferred stock (§ 43), or to petition the Court of Chancery for dissolution. § 49. The consent of all the resident stockholders is necessary to authorize the holding of stockholders' meetings without the State (§ 7, subdiv. g) or to dissolve the corporation (§ 48) without petition. Preferred stock must be first offered to the stockholders in proportion to their holdings of the common stock, or in less amount if desired, before being offered for sale to the public. § 43. They have the right of access to and examination of the books, records and papers of the corporation at reasonable and proper times. § 35.

Liability. Stockholders are liable for the debts of the corporation only to the extent of the unpaid stock held by them. § 27; Const., Art. XII, § 238.

Meetings. Of stockholders must be held annually (§ 38), and except as stated below, be held within the State, but may, by written consent of all the resident stockholders, duly acknowledged and recorded in the office of the Secretary of State, be held without the State. § 7, subdiv. g. Copies of the proceedings at all stockholders' and directors' meetings held without the State must be deposited with the agent in charge of the principal office within the State. Id. Certificate giving name, etc., of agent in charge of principal office must be filed with the Secretary of State and with the probate judge of the county in which the principal office is located. § 38.

Notice. May be as prescribed by the by-laws, but special meetings required by the statutes shall be called by the directors; thirty days' notice of the time, place and purpose thereof to be given each stockholder personally or by letter, and also by publication once a week for four weeks in a newspaper published at or nearest to the principal place of business. § 38.

Quorum. Not prescribed.

Voting. May be in person or by proxy if so provided by the charter or by-laws. § 38; *Perry v. Mill Co.*, 93 Ala. 364.

9. Directors.

Number. The directors must be at least three (§ 36) and their number may be increased or diminished with the consent of a majority in interest of the capital stock, expressed by a vote at a regular meeting, or at a special meeting called for that purpose. § 44.

Qualifications. Directors must be stockholders but need not be residents.

Powers. The directors may mortgage or convey the personal property of a corporation without the consent of the stockholders, to secure money borrowed or debts contracted. § 7, subdiv. c. They fill vacancies on the board (§ 36), and call all meetings, unless otherwise provided by the by-laws. § 38.

Liability. There is no statutory liability imposed on the directors except for actual fraud. Criminal Code, § 4776; *Wilson v. Stevens*, 129 Ala. 630 (1901).

Meetings. Directors' meetings may be held without the State, but copy of the proceedings at meetings held without the State must be deposited with the agent at the corporation's principal office in the State. § 7, subdiv. g. By-laws should prescribe notice. A majority constitutes a quorum. § 36.

Executive Committee. No statutory provisions, but such committees are commonly appointed as a matter of practice.

10. Officers.

The corporate officers are not prescribed by the statutes, but corporations are given the power to appoint such officers as may be re-

quired. § 7, subdiv. d. No liability attaches to officers save the criminal liability for actual misrepresentation or fraud in the transfer of stock. Criminal Code, 1896, § 4776.

11. Principal Office.

Every corporation must have an office within the State in charge of an agent on whom process may be served. § 2, subdiv. c; § 7, subdiv. g. Location may be changed by amendment of charter. § 47.

12. Corporate Books.

A stock and transfer book is required, to be kept in the State in the hands of some agent designated for that purpose. The stock book must contain a list of the stockholders with transfers, pledges, etc. § 32. Copies of all proceedings at meetings of directors and stockholders held without the State must also be deposited with such agent. § 7, subdiv. g.

Examination of. The stockholders have the right of access to and examination of the books, records and papers at reasonable and proper times. § 35; *Cobb v. Lagarde*, 129 Ala. 488 (1901).

13. Reports.

No annual statements or reports are required by the statutes, except a sworn statement of all taxable property of the corporation, real and personal, with its assessed valuation for that year, which must be filed by the executive officer of the corporation with the assessor of the county in which the chief or home office is located, for the purpose of deducting said assessed valuation from the taxable value of the shares of stock of the corporation. L. 1901, Act. 1151, § 6.

14. Foreign Corporations.

How Authorized to Do Business. Foreign corporations doing business in the State must have at least one known place of business in the State, and an authorized agent or agents residing thereat (Code, 1896, § 1316), and must file with the Secretary of State a certified copy of their articles of incorporation or association. Const., 1902, Art. XII, § 232. Corporations organized under the laws of the United States and those engaged in or transacting business of interstate commerce are exempted from the provisions as to foreign corporations. Code, 1896, § 1324.

Before filing papers for permission to do business in the State, foreign corporations must pay to the State Treasurer one-tenth of one per cent. on the amount of capital to be actually employed in the State. The executive head of the corporation and its secretary must make a sworn statement to the officers to whom this tax is payable, stating the name of the corporation and the state or country under whose laws it was incorporated, its principal place of business within the State, the total amount of its capital stock and the actual amount of capital employed or to be employed within the State. The

officer to whom the tax is payable may also summon the officers of the corporation before him, and compel production of the books of the corporation. L. 1903, Act 368, § 2, b.

Penalties for Non-Compliance. Inability to sue in the State courts, and liability to fine of \$1,000. Same for non-payment of tax. L. 1903, Act 368, § 2, d. Agent of such corporation is also liable to a fine of \$500. All such fines are recoverable at the suit of the State. Code, 1896, §§ 1318-1320.

Taxation. Every foreign corporation, except railroad, telegraph, long distance telephone, express and sleeping car, life and fire insurance, building and loan, or banking corporations, authorized to do business under the general law, shall pay to the judge of probate of the county in which it has a resident agent, a license fee of one-tenth of one per cent. for the use of the State and one-half that sum for the use of the county, to be computed on the basis of the actual amount of capital employed by it within the State. This tax becomes due on January 1st of each year. L. 1903, Act 368, § 2. Foreign corporations engaged in the business of lending money in Alabama are exempt.

Reports. No annual reports are required except of railroad, insurance and building and loan corporations. Code, 1896, §§ 1109, 1129, 3498. But foreign corporations must make same tax returns as required of domestic corporations by L. 1901, Act 1151, § 6.

Attachments Against. Lie as against natural persons residing without the State. Code, 1896, § 535.

15. Combinations and Monopolies.

Very strict prohibitions exist against combinations of any kind. Const., 1902, Art. IV, § 74; Code, 1896, §§ 5557-9.

ALASKA.

1. Corporation Laws.*

An Act of Congress of March 2, 1903 (32 U. S. Stat. at Large, Ch. 978, p. 944), amends the Civil Code of Alaska and adds to it Ch. 37 providing for the organization of private corporations. Foreign corporations are provided for in Civil Code §§ 225-231.

Under the Code, corporations may be formed, (1) To construct, own and operate railroads, tramways, street railways, wagon roads, canals, flumes, and telegraph and telephone lines in Alaska. (2) To acquire, hold and operate mines in Alaska. (3) To carry on the fishery industry in all its branches in Alaska, and in the waters contiguous and adjacent thereto. (4) To construct and operate smelters, electric and other power and lighting plants, docks, wharves, elevators, warehouses and hotels in Alaska. (5) To carry on trade, transportation, agriculture, lumbering and manufacturing in Alaska. § 1.

2. Taxes and Fees.

Organization Expenses. No license tax is prescribed. Recording fees are 15 cents per folio of 100 words.

Franchise Tax. None imposed.

Local Taxation. Same as for individuals. Mercantile, manufacturing and mining businesses must pay a license fee according to amount of business done. 31 U. S. Stat. at L., p. 330.

3. Incorporation.

Incorporators. Must be three or more adult persons, *bona fide* residents of the District of Alaska. § 1.

Articles of Incorporation. The incorporators must subscribe and acknowledge in triplicate articles of incorporation, to contain (§ 2):

(1) Name of the corporation; nature and character of the business to be carried on and the principal place in which this business will be transacted. No restrictions as to name. More than one of the enumerated purposes may be included.

(2) Time of commencement and the period of continuance, which must not exceed fifty years.

* References, except as otherwise noted, are to Chapter 978, 32 U. S. Stat. at Large.

(3) Amount of capital stock, how the same shall be paid in, and number and par value of shares.

(4) Highest amount of corporate indebtedness or liability that may be incurred.

(5) Names and residences of the incorporators.

(6) Names of members of the first board of directors, designation of the officers in whom the government of the corporation and the management of its affairs will be vested, when the same shall be elected and their terms of office.

Filing and Recording. One copy of the articles of incorporation is filed and recorded in the office of the Secretary of the District of Alaska, another in the office of the clerk of the district court of the recording division in which the principal place of business of the company is intended to be located, and the third is retained by the corporation. § 2.

4. Organization.

First Meetings. The first meetings must be held in Alaska (§§ 6, 9), and as by-laws must be adopted within one month after filing the articles of incorporation, the first meeting of stockholders must be held for the purpose within that period. § 16.

Unless otherwise provided in the articles of incorporation or by-laws, the first and all subsequent meetings of the directors must be called by one or more persons named as directors in the certificate, or their successors, by notice served personally on the resident directors and published at least twenty days in a newspaper at or nearest the principal place of business of the corporation and in Alaska. § 9.

By-Laws. Must be adopted within one month after filing articles. § 16. May provide for notice of meetings (§ 6); for time, manner and amounts of payments on capital stock (§ 10); for method of transferring stock (Id.); may prescribe the powers and duties of officers (§ 4, subdvs. e, d) and generally provide for the regulation and management of the corporate affairs. § 4.

Certificates. Within thirty days after any change of officers, a certificate thereof is required to be filed in the office of the Clerk of the District Court. § 20.

5. Corporate Existence.

When Commenced. Commences on the filing and recording of articles of incorporation. May last for fifty years. §§ 2, 4.

Beginning Business. As soon as articles are filed business may be commenced. § 4.

Renewal. No provisions. Corporations continue as bodies corporate after expiration, for a period of three years, for the purpose of closing up their business. § 22.

Forfeiture of Charter. Action in name of the United States may be brought to annul corporate existence for illegal acts or for non-user for one year, or for violation of law against trusts. Code of Civ. Pro., §§ 337-350.

Dissolution. When all debts are paid or secured, corporations may dissolve on written resolution of owners of two-thirds of the stock at a meeting specially called for that purpose. A copy of this resolution, with a certificate signed by the president and secretary or corresponding officers, and under the corporate seal, authenticating the copy of resolution and setting forth the facts as to the debts of the corporation being paid or secured, the whole amount of the stock, and the ownership of the stock voting for such dissolution, shall be filed and recorded in the same manner as the original articles of incorporation. § 21. Thereupon the corporation ceases to exist, except for the winding up of its affairs.

6. Corporate Powers.

General. The usual common law powers are conferred. § 4.

To Hold Property. Corporations may acquire or hold only such real estate as may be necessary to carry on their corporate business. § 5.

Its Own Stock. No statutory provisions.

Stock of Other Corporations. This power is expressly withheld by the statutes. § 4, subdiv. c.

To Borrow Money. The debts or liabilities of a corporation must in no case exceed the amount of its capital stock. § 17.

To Do Business in Other States. No direct restriction. All objects and powers granted by the law are, however, expressly limited to Alaska. §§ 1, 4.

Consolidation or Merger. No provisions.

Amendment of Charter. The articles of incorporation may be amended by a majority vote of the stock at any regular meeting. Such amended articles shall be executed and acknowledged by a majority of the board of directors and shall be filed and recorded in the same places and manner as the original articles. § 2, subdiv. 7. Special provisions govern the increase or decrease of capital stock. §§ 17-19. (See "Increase or Decrease" under § 7.)

7. Capital Stock.

Amount. Initial Payment. No provisions as to either.

Consideration for Issue. Must be money, labor or property estimated at its true money value. § 14.

The stockholders may in the by-laws or articles of incorporation prescribe the time, manner and amounts of payments on the capital stock. If not so prescribed, directors may make assessments on sixty days' notice; but after delivery of certificates, no call can be

made for more than ten per cent. of the par value of stock at any one time, and not oftener than once in thirty days. § 10.

Increase or Decrease. May be effected, provided the corporate indebtedness remains less than the amount to which the capital stock is reduced (§ 17), by a vote of two-thirds of all the stock at a meeting called for that purpose by a majority of the directors, by notice published weekly at least eight consecutive weeks in a newspaper at or nearest the principal place of business in Alaska, which notice must state the time, place and object of the meeting, and the amount to which it is proposed to raise or diminish the capital stock. A certificate of the proceedings at this meeting, showing also the original amount of the capital stock actually paid in, the amount of the debts and liabilities of the company and the amount to which the stock is increased or diminished, is made, signed and acknowledged by the presiding officer and secretary of the meeting, certified by a majority of the directors, and filed and recorded in the same manner as the articles of incorporation. § 18.

Classes of Stock. No provisions.

Par Value of Shares. Not prescribed.

Stock Certificates. No special provisions.

Transfer of Stock. Is to be made as prescribed by the by-laws or articles of incorporation; but to be valid as against third parties must be entered on the books of the corporation. § 10. Stock may be pledged by delivery of the certificate, but the stockholder retains his vote on such pledged stock. § 12.

8. Stockholders.

Rights and Powers. They may in the by-laws or articles of incorporation prescribe the manner of payment of capital stock and in the absence of such provisions, sixty days' notice of any call must be given personally or by registered mail.

They have the right to inspect the books of the corporation at reasonable times. § 16. By vote of two-thirds of the stock they may increase or diminish the capital stock, effect dissolution or remove directors. §§ 4, 17, 21. By a majority vote they may effect any other amendment of the articles of incorporation. §§ 2-19.

Liability. Each stockholder is personally liable to the creditors of the company for the amount that remains unpaid on the par value of his stock. § 14.

Meetings. Must be held annually in Alaska for the election of directors. § 6. Notice may be regulated by by-laws or articles of incorporation. Id. Quorum is to be a majority of all the stock. Id. At all elections of directors each share has one vote, and voting must be by ballot. Id. Voting may be by proxy. Id.

9. Directors.

General. Directors may be removed by a two-thirds vote of the stock. § 4, subdiv. e. Compensation may be fixed by stockhold-

ers. § 4, subdiv. d. But an annual statement is required to be published stating such compensation. § 23. (See § 13, "Reports.")

Number. Must be not less than three. § 6.

Qualifications. They must be stockholders and a majority of them must be residents of Alaska. They must take an oath in writing. § 6.

Powers. Are to be defined by the stockholders; also their duties. Security may be required of them. § 4, subdivs. e, d. Vacancies among the directors may be filled by the board for the unexpired term. § 6. They remain trustees on dissolution or expiration subject to control of any court of competent jurisdiction. § 22.

Liability. Directors are jointly and severally liable to the corporation and to its creditors, on dissolution, to the full amount of any dividends improperly paid and any capital stock improperly withdrawn or distributed or reduced, unless entering their dissent thereto, or unless absent from the meeting where any such action was authorized. § 13.

Meetings. No provisions permitting meetings without the Territory. Unless otherwise provided by the articles of incorporation or by-laws, the first and all subsequent meetings of directors must be called by notice of one or more of the directors delivered personally to directors residing in Alaska, and published at least twenty days in a newspaper at or nearest to its principal place of business in Alaska. § 9. A quorum is formed by a majority of the whole number. § 8.

Executive Committee. No provisions.

10. Officers.

A president, secretary and treasurer and a cashier or managing agent are necessary to meet the requirements of the law as to reports and service. §§ 20, 23. Duties are to be prescribed by the incorporators or stockholders. Security may be required. § 4, subdiv. e, d. They must file and publish annual statement. § 23.

11. Principal Office.

Must be located in the District of Alaska, where its principal managing officer or superintendent must also reside. § 16.

12. Corporate Books.

Every corporation must keep correct and complete books of account and record of its proceedings, including election of officers. § 16. Also stock books containing the names of stockholders since its organization, their places of residence, amount of holdings, amounts paid and dates of transfers. All these must be kept at its principal office, and shall be at all reasonable times open to the inspection of stockholders. § 16.

13. Reports.

An annual statement is required to be made by the president, secretary and treasurer, duly signed and verified, stating: (1) Number of shares of capital stock outstanding; (2) Amount paid on each share of stock; (3) Actual paid up capital of the corporation; (4) Actual cash value of the property of the corporation and the character, location and nature of the same; (5) Debts and liabilities of the corporation and for what the same were incurred, and whether the same are secured or unsecured and the amount of each kind; and if secured, the character and kind of the security; (6) Salaries severally paid each and every officer, manager and superintendent of the corporation during the preceding year; (7) Increase or decrease of any of the stock, the capital and the liabilities of the corporation during the preceding year. This statement must be published weekly for three successive weeks in a newspaper of general circulation in the District of Alaska. § 23.

A list of the officers is also required to be filed on or before September 1st of each year in the office of the Clerk of the District Court of the recording division in which the principal place of business of the corporation is located. Also a notice of any change of officer, within thirty days after such change. § 20.

Publication must be made of annual report (§ 23); also of notices of directors' meetings if not otherwise provided in the by-laws. §§ 8, 23.

14. Foreign Corporations.

How Authorized to Do Business. All corporations organized under the laws of the United States or of any state or territory of the United States, must, before doing business within the District, file in the office of the Secretary of the District and in the office of the Clerk of the District Court for the division wherein they intend to carry on business, a duly authenticated copy of their charter or articles of incorporation, and also a statement, verified by the oath of the president and secretary of such corporation and attested by a majority of its board of directors, showing: (1) Name of the corporation and location of its principal office or place of business without the District; and if it is to have any place of business or principal office within the District, the location thereof. (2) Amount of capital stock. (3) Amount of its capital stock actually paid in in money. (4) Amount of its capital stock paid in in any other way and in what. (5) Amount of the assets of the corporation and of what the assets consist, with actual cash value thereof. (6) Liabilities of such corporation, and if any of its indebtedness is secured, how secured, and upon what property.

Also a certificate under the seal of the corporation, and signature of its acting head, and secretary if there be one, consenting that the corporation may be sued in the courts of the District and designating name and residence of a person in the District on whom process may be served, and whose consent to act as such agent must be filed in like manner. Civil Code, §§ 225-226.

Penalties for Non-Compliance. Fine of \$25 for every day of neglect to file the above papers. Contracts made during the period

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of such non-compliance are voidable at the election of the other party thereto. Civil Code, § 228. If persisting in such failure, all its contracts are void and can not be enforced in the courts of the District. Id., § 231.

Taxation. Same as for domestic corporations.

Books. Not prescribed.

Reports. Every such corporation must annually, within thirty days after July 1st of each year, make and file a report, in the same form and manner and containing the same information as the statement originally filed as above set forth. Civil Code, § 229.

15. Combinations and Monopolies.

Alaska is subject to the Federal Statute against trusts. 26 U. S. Stat. at Large, p. 209, July 2, 1890. Violations are declared misdemeanor, punishable by fine not exceeding \$5,000 and imprisonment not more than one year; property may be forfeited and seized on behalf of the United States, and persons injured may recover three-fold damages.

ARIZONA.

1. Corporation Laws.*

Organic Act. Special laws granting special or exclusive privilege or franchise to corporations prohibited. § 63. Neither the Territory nor any municipal corporation or other subdivision of the Territory shall subscribe to capital stock of private corporation nor lend its credit to corporation. Id.

Statutes. Revised Statutes, 1901, Title 13, contains the corporation law, of which Ch. II refers to domestic and Ch. IX to foreign corporations in general; Ch. III to domestic and Ch. IV to foreign insurance companies; Ch. VI to savings and loan, and Ch. VII to railroad corporations. Ch. VIII refers to religious, social and benevolent associations. Amendments are found in L. 1903, Chs. 29, 82 and 88. Taxation is covered by Title 62.

Under the general law corporations may be formed for any lawful business. § 764.

2. Taxes and Fees.

Organization Expenses. No organization tax. Fees to the Territorial Auditor: For filing articles of incorporation, \$10; filing affidavit of publication of same, \$3; filing appointment of statutory agent, \$3; for issuing certificate of filing articles of incorporation, \$3; for copy of any document on file in his office, not otherwise provided for, 20 cents per folio; for affixing seal and certificate to copy, \$1. L. 1903, Ch. 29.

Recorder's fees are: For recording, 20 cents per folio of 100 words; certifying under seal, 75 cents; filing fees, 20 cents. § 2596. The cost of publication varies from \$5 to \$15.

Franchise Tax. None imposed.

Local Taxation. Shares of stock are not taxable (§ 3837); no specific tax required. There are exemptions for nine years from date of the Acts (1903) in favor of property used for the purpose of beet sugar factories and refineries or for generating and transmitting electric power. L. 1903, Chs. 27, 32.

3. Incorporation.

Incorporators, May be any number and need not be residents. § 764.

* References, except as otherwise noted, are to the Revised Statutes of 1901.

Articles of Incorporation. Must be signed and acknowledged by incorporators as deeds are required to be acknowledged and must contain (§ 766; L. 1903, Ch. 88):

(1) Name of incorporators, name of corporation and principal place of transacting business.

(2) General nature of business. Any number of purposes may be included.

(3) Amount of capital stock authorized and the time when and the condition upon which it is to be paid in. No limitations as to amount of capitalization or par value of shares.

(4) Time of commencement and termination of the corporation. Duration must not exceed twenty-five years, but may be renewed by three-fourths vote of stock for another similar period. § 771.

(5) By what officers the corporate affairs are to be conducted and the times at which they are to be elected

(6) Highest amount of corporate indebtedness or liability that may be incurred. Must not exceed two-thirds of the amount of the capital stock. § 767.

(7) Whether private property is to be exempt from corporate debts. Unless so exempted, stockholders are liable for the debts of the corporation in the proportion which their stock bears to the whole capital stock.

Special charter provisions for the conduct and regulation of the corporate affairs, though not specifically authorized by the statutes, are permitted and are freely inserted.

Filing and Recording. The articles of incorporation are recorded in the office of the County Recorder of the county where the principal place of business is to be located (§ 766); and a copy, certified to by said Recorder, is filed with and recorded by the Territorial Auditor. § 767; L. 1903, Ch. 29.

The articles of incorporation must also be published at least six times in a newspaper of the county in which the corporation is located, and an affidavit filed in the office of the Territorial Auditor proving such publication. § 768; L. 1903, Ch. 29. This affidavit must be filed within three months from the date of first filing of the articles of incorporation. § 769.

4. Organization.

First Meetings. The statutes make no provision for meetings outside the Territory, hence stockholders' meetings must be held within, unless special charter provisions authorize such meetings elsewhere. At their first meeting the stockholders should adopt by-laws and—if so provided by the charter—elect officers. L. 1903, Ch. 88.

By-Laws. No provisions as to by-laws except that they must

not be inconsistent with the Constitution and laws of the United States and the laws of the Territory. § 765.

Certificates. None required to show completed organization except the filing of affidavit of publication of articles of incorporation.

5. Corporate Existence.

When Commenced. On filing certified copy of articles of incorporation with Territorial Auditor after the original articles have been filed with Recorder of the county in which the principal place of business is to be located. §§ 766, 769; L. 1903, Ch. 29. Existence is limited to twenty-five years (§ 771), but continues beyond liquidation or dissolution for the purpose of closing up the business. § 775. Can not be collaterally questioned. §§ 779, 780.

Beginning Business. May be commenced forthwith, and the corporate acts be valid, provided affidavit of publication of articles is filed within three months from date of first filing with County Recorder. § 769. Must be commenced within five years. § 774.

Renewal. The corporate existence may be renewed for another period of twenty-five years by three-fourths vote of the stock represented at a stockholders' meeting duly called for that purpose. § 771.

Forfeiture of Charter. May occur on non-user for five years at any one time, § 774. It may occur also on failure to appoint and maintain a resident agent or to file due notice of such appointment, or on disposal of all the corporate assets. L. 1903, Ch. 82. But only by regular proceeding brought for that purpose. §§ 779, 780; L. 1903, Ch. 82.

Dissolution. May be accomplished by a majority vote of the members, unless a different rule is adopted in the articles. § 772.

6. Corporate Powers.

General. The usual powers are enumerated. § 765.

To Hold Property. The right is conferred in general terms. § 765. For the purpose of making repairs, building, enlarging or extending works, or to meet contingencies, or for the purpose of providing a sinking fund for the payment of debts, the corporation may establish a fund and loan the same out from time to time, taking in all cases good and sufficient security for the payment of the same. § 777.

Its Own Stock. No statutory provision.

Stock of Other Corporations. To take the stock or bonds of other corporations in payment of debts or in exchange for a corporation's own stock or bonds is made a misdemeanor. Penal Code, § 504.

To Borrow Money. This power is limited to two-thirds of the amount of the capital stock (§ 767), and the highest amount of in-

debtedness to be incurred within this limit must be specified in the articles of incorporation. L. 1903, Ch. 88.

To Do Business in Other States. This power is implied, but not expressly conferred.

Consolidation or Merger. No provisions, except that railroad companies are permitted to consolidate under certain conditions. § 864.

Amendment of Charter. May be had by vote of a majority of the stock; three-fourths vote required to extend corporate existence. § 771. Any such amendment must be signed and acknowledged by the president and attested by the secretary, and recorded and published as were the original articles. § 770; L. 1903, Ch. 88.

7. Capital Stock.

Amount. Not limited by statute, but must be specified in articles of incorporation. § 766; L. 1903, Ch. 88.

Initial Payment. Not prescribed by the statute, but may be specified in articles.

Consideration for Issue. May be specified in articles. To accept or make any fictitious subscriptions, and to take stocks or bonds of other corporations in payment of subscriptions, is a misdemeanor. Penal Code, §§ 501, 504.

Increase or Decrease. May be effected in the same manner as any other amendment, provided always that the capital stock exceeds the corporate indebtedness by one-third. § 770.

Classes of Stock. No provisions.

Par Value of Shares. No restrictions.

Stock Certificates. No provisions. May be provided for by articles of incorporation or by-laws.

Transfer of Stock. Must be entered on the books of the company. § 773.

8. Stockholders.

Rights and Powers. The stockholders control amendments by a majority vote of the stock (§ 770), dissolution by majority vote of the members (§ 772), and renewal of existence by three-fourths vote. § 771. They have full right to examination of books, papers and records. § 773; Penal Code, § 509.

Liability. Stockholders are liable to the amount of unpaid instalments on stock owned by them; and to that extent execution against the corporation may be levied upon the private property of stockholders. § 776. Unless exemption is provided for in articles of

incorporation, the stockholders are liable for the debts of the corporation in the proportion which their stock bears to the whole capital stock. L. 1903, Ch. 88.

Meetings. No provisions. Place, notice, quorum, voting and other details should be provided for in the articles of incorporation or by-laws.

9. Directors.

Number. Qualifications and powers may be fixed by articles of incorporation and by-laws, the statutes containing no provisions.

Liability. The Penal Code, Ch. XI, §§ 501-516, contains severe provisions against all frauds or misdoings of directors or others who have direction or management of a corporation (Id., § 516), charging every director with full knowledge (Id., § 512), liability to be avoided when violation appear on the records, even when absent from meetings, only by entering dissent in writing on the minutes, or by resigning. Id., § 514. Among the offences enumerated as misdemeanors, are payment of illegal dividends, unlawful distribution of stock; to take notes or evidences of debt in payment of instalments on stock; to receive stock of other corporations or its bonds, or other evidence of indebtedness, in payment or exchange for its own stock, bonds or evidences of indebtedness. Id., § 504.

Meetings. No provisions. May be regulated by by-laws. § 765.

Executive Committee. No provision.

10. Officers.

No provisions as to number or titles. They are to be designated and times of elections fixed by articles of incorporation. L. 1903, Ch. 88.

Refusal to allow inspection of books, falsifying reports, books, etc., are declared misdemeanors. Penal Code, §§ 505-510. (See also "Liability" under § 9, "Directors.")

11. Principal Office.

A principal office must be maintained within the Territory, which must be designated in the articles of incorporation, also an agent, who must be a *bona fide* resident of the Territory for at least three years last past, on whom process may be served. Notice of his appointment must be filed with the Territorial Auditor. § 783; L. 1903, Ch. 82.

12. Corporate Books.

A stock transfer book must be kept. It must show by and to whom transfers are made, the number of shares and date of transfer; also the original stockholders and their addresses, the amount paid in on their stock and all transfers of same. § 773.

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Where Kept. Not prescribed.

Examination of. The stock transfer book must be at all times open to inspection of stockholders (§ 773); also all other books, papers and documents must, on demand, be submitted to the inspection of stockholders during office hours, and copies may be made therefrom. Refusal is declared a misdemeanor by Penal Code, § 509. Books must be produced on order of court. § 778.

13. Reports.

None required.

Publication is required of original articles of incorporation, and of all amendments, for six times in some newspaper published in the county in which the principal place of business is located or works established. §§ 768, 770; L. 1903, Ch. 88.

14. Foreign Corporations.

How Authorized to Do Business. Before doing any business within the Territory foreign corporations must file a duly authenticated copy of their articles of incorporation or charter and the appointment of a resident agent, with the Territorial Auditor, and with the Recorder of each county in which business is to be carried on. They must also publish a copy of the articles of incorporation six times in a newspaper published in each of the counties in which it is intended to carry on business, and must file an affidavit of such publication with the Territorial Auditor. § 909.

An agent must be appointed for each county in which the corporation intends to carry on business, who must be a *bona fide* resident of the county and of the Territory for at least three years, and the full name and residence of each must be stated in the appointment. § 910. The appointment must be signed by the president and attested by the secretary, or by a resolution of the board of directors. *Id.* Fees are the same as of domestic corporations. L. 1903, Ch. 29. Except for mining or manufacturing purposes their holdings of real estate in the Territory are limited to 320 acres. § 913.

Penalties for Non-Compliance. Inability to transact business in the Territory, all acts and contracts being declared null and void at option of any person interested. § 912.

Taxation. No annual franchise tax. No special provisions as to local taxation.

Books and Reports. Not prescribed.

Attachments Against. Issues on the ground of being a foreign corporation. § 332.

15. Combinations and Monopolies.

Are not provided against by special laws of the Territory, but strict penal provisions exist against acquiring stock or bonds of other corporations. Penal Code, § 504.

Corporations.

franchise—in 1846 a law was passed
provided that corporations were
subject to alteration or repeal
although the act contains no
words to that effect 3 M. 134

also 1 C E gr. 13

a charter granted before 1846
cannot be altered. 1 C E gr 5-93
Const 93



ARKANSAS.

1. Corporation Laws.*

Constitution. (1874.) Corporations not to be created by special laws, except educational, charitable, or reformatory corporations which remain under control of the State. Art. XII, §§ 2, 6. No stock or bonds to be issued except for money or property actually received, or labor done. All fictitious increase of stock or indebtedness to be void, and neither to be increased except on consent of a majority of the stock at a meeting held after at least sixty days' notice in pursuance of law. Id., § 8. Foreign corporations doing business in State must maintain known offices with agents in charge, must be subject to the laws prescribed for domestic corporations and can enjoy no greater rights or privileges. Id., § 11. Laws may be passed exempting from taxation capital invested in mining and manufacturing in the State. Art. X, § 3. Consolidation in any manner of competing lines prohibited. Art. XVII, § 4. "Perpetuities and monopolies are contrary to the genius of a republic and shall not be allowed." Art. II, § 19.

Statutes. The corporation law of Arkansas is found in Sandels & Hill's Digest of Statutes, 1894, Ch. 47, with numerous amendments in subsequent Session Laws. Under this law corporations may be formed for any lawful business. § 1326. Part I of Ch. 47 treats of foreign corporations, Part II of manufacturing and other corporations, and Parts VIII and IX of insolvency and dissolution. The intervening sections treat specially of navigation, turnpike, and plank road, educational, benevolent, and other corporations. Ch. 88 treats specially of insurance, Ch. 129 of rafting and booming companies, and Ch. 130 of railroads.

2. Taxes and Fees.

Organization Expenses. To Secretary of State: For filing articles of incorporation and issuing charter, on capital stock of \$25,000 or under, \$30, and \$5 for each additional \$25,000. Act of May 6, 1905. For copies, 15 cents per folio, and for affixing Great Seal of State or official seal, \$1. § 3299. To County Clerk, recording fee, 10 cents per folio. § 1345.

Franchise Tax. None imposed.

* References given, unless otherwise noted, are to Sandels & Hill's Digest, 1894.

Local Taxation. As for individuals. Stock of corporation is assessed on actual value. § 1337. (See § 13, "Reports.")

General. To Secretary of State, for filing and recording each amendment or supplement to articles of incorporation, \$10. § 3299. To County Clerk, 10 cents per folio for recording. § 1345. Publication of amendments and notices, at varying rates. §§ 1327, 1343.

3. Incorporation.

Incorporators. Any number of persons not less than three. § 1326. No residential requirements.

Formation.

1. **Articles of Incorporation.** Must be signed by each of the incorporators (§ 1334), and in accordance with the charter form issued by the Secretary of State, should contain:

- (1) Name of corporation. No restrictions.
- (2) Names of incorporators.
- (3) Location of place of business and office of the company within the State.
- (4) General nature of the business. § 1328.
- (5) Amount of the capital stock and amount thereof subscribed by the incorporators. § 1327. A provision is added that the residue thereof may be issued and disposed of as the board of directors may from time to time order and direct. No limitations as to amount of capital stock.
- (6) Number and par value of shares, which must be \$25 unless increased by action of the stockholders. § 1327. (See § 7, "Capital Stock.")
- (7) Number of directors, not less than three (§ 1330), who must be stockholders. Provision is also added that the board shall elect a president and vice-president from its membership and shall also elect a secretary and treasurer. § 1332.
- (8) Provision that first election of directors shall be held immediately after the organization of the corporation, and that said directors shall serve for one year and until their successors are elected.
- (9) Authorization to directors to ordain and establish all by-laws and regulations necessary to the management and business of the corporation, and alter and repeal the same at pleasure.
- (10) Time, place and waiver of notice of organization meeting.

2. **First Meetings.** The incorporators meet at the time appointed by the articles of incorporation and organize the corpora-

tion, electing the first board of directors and adopting by-laws if they see fit. The directors meet, elect a president and vice-president from their number, and also elect a secretary and treasurer and such other officers as the by-laws require. § 1329.

3. **Certificate of Organization.** The president and a majority of the directors then sign and acknowledge a certificate setting forth the facts as to the meetings of incorporators and directors and stating the names of the directors and officers elected; and further: (1) The purposes of the corporation. (2) Its capital stock and par value of shares. (3) The amount actually paid in by the subscribers to its stock. (4) The names of the stockholders and the number of shares owned by them respectively. § 1334.

4. **Filing and Recording.** The articles of incorporation and certificate of organization as described are filed and recorded with the County Clerk of the county in which the corporation is to have its principal place of business, and also duplicates thereof, with the endorsement of said County Clerk, in the office of the Secretary of State. On such filing, and on payment of the fees required by law, the Secretary of State issues to the incorporators a certificate of authority. L. 1903, Act 18.

4. Organization.

First Meetings. (See "First Meetings" under "Formation," § 3.) Time and place of stockholders' meeting is appointed in articles of incorporation, which also may contain a waiver of notice thereof. But such meeting may also be called by any two of the incorporators, by notice published in or near the county of its principal office, at least fifteen days prior thereto. Notice may be waived in writing on record by all the subscribers. § 1329.

Officers are to be elected by the directors immediately after their own election. § 1332.

By-Laws. Full power to make, amend and repeal may be delegated to the directors in the articles of incorporation.

Certificates. (See "Formation" under § 3.) Within thirty days after payment of each instalment of capital stock certificate thereof must be filed with the Secretary of State and a duplicate with the clerk of the home county. § 1334.

5. Corporate Existence.

When Commenced. On issuance of certificate of authority by Secretary of State. L. 1903, Act 18; *Garnett v. Richardson*, 35 Ark. 144. Is not limited by law, nor required to be stated in incorporation papers. (See § 3, "Incorporation.") Can not be collaterally attacked. *Searcy, Town of, v. Yarnell*, 47 Ark. 269.

Beginning Business. The corporate business can not be commenced until issuance of certificate by Secretary of State, the courts

having distinguished sharply between acts of incorporators and acts of the corporation. *L. R. & F. S. R. R. Co. v. Perry*, 37 Ark. 164.

Renewal. No limitation of period of existence, therefore no provision for its extension or renewal.

Forfeiture of Charter. May occur for non-user or misuser, but only by judicial procedure. *Searcy, Town of, v. Yarnell*, 47 Ark. 269; *Blackwell v. State*, 36 Ark. 178. Charter may be forfeited for violation of laws against combinations and trusts. *L. 1899, Act 41, § 3.*

Dissolution. Charters may be surrendered by resolution adopted by a majority in value of the stock, a certified copy of which resolution is to be filed in the office of the Secretary of State and a copy in the office of the County Clerk of the county in which the corporation was organized. § 1433. Also by application by the stockholders or creditors to a court having equitable jurisdiction. §§ 1430-1434. On dissolution or forfeiture, the assets vest in the State in trust (§ 1429) for distribution by chancery court. §§ 1430-1434.

6. Corporate Powers.

General. The usual powers are specified. §§ 1339, 1340. It is also stated that the purposes of the corporation shall be distinctly specified in the articles of incorporation, and that "it shall not be lawful for said corporation to direct its operations or appropriate its funds for any other purpose." §§ 1328, 1343.

To Hold Property. So far as necessary for its purposes, or such as is taken in payment of or as security for debts. § 1340.

Its Own Stock. Stock of Other Corporations. No provisions.

To Borrow Money. No limitations beyond the constitutional provisions that bonds may not be issued except for money or property actually received; all fictitious increase of indebtedness is void, and indebtedness may not be increased except on consent of the majority in value of the stock given at a meeting held on notice of sixty days. *Const., Art. XII, § 8.*

To Do Business in Other States. No provisions.

Consolidation or Merger. No provisions.

Amendment of Charter. Articles of incorporation may be amended by the specification of any other lawful business in which the stockholders may desire to engage, the amended articles to specify the purpose for which the corporation is formed, to be subscribed and verified by all the stockholders and published in a newspaper in the county in which the corporation is located, or an adjoining county. Such amended statement of purposes must also be certified and filed in the same manner as the original articles. § 1343. Capital stock may be increased or reduced and par value of shares increased by action of the stockholders. § 1327. (See § 7, "Capital Stock.") Also name of corporation and number of directors may be changed. *L. 1901, Act 99.*

7. Capital Stock.

Amount. Is not limited by the statute. Must be stated in articles of incorporation.

Initial Payment. Is not prescribed by law, but must be stated in certificate of organization (§ 1334) and subsequent payments in annual reports. § 1337. And within thirty days after payment of each instalment, certificate thereof must be filed and recorded in same manner as original certificate. § 1334.

Consideration for Issue. Must be money or property actually received, or labor done. Const., Art. XII, § 8. Subscriptions to stock are called in by the directors in such instalments and at such times and places as they shall think proper, but on notice as prescribed by the by-laws (§ 1336), and the corporation may proceed to sue delinquent stockholders for such instalments, or may sell stock at public auction, on three weeks' notice published in newspaper. §§ 1352-1355.

Increase or Decrease. The capital stock may be increased at a meeting of the stockholders called for that purpose (§ 1327) after notice of at least sixty days (Const., Art. XII, § 8), on a consenting vote of the persons holding the larger amount in value of the stock. Within thirty days thereafter the president and directors are required to make a certificate of such increase, which shall be signed, verified, deposited and recorded as were the original articles. § 1344.

Reduction may be accomplished in the same manner if it can be done without impairing the rights of creditors. L. 1895, Act 15.

Classes of Stock. Issue of preferred stock is authorized. Act 261, Laws of 1905.

Par Value of Shares. Must be \$25, but may be increased by action of the stockholders. § 1327. Shares of railroad companies must be \$100 each. § 6300.

Stock Certificates. No provisions.

Transfer of Stock. Must be made on the books of the company in such form as the directors may prescribe. § 1342. All transfers of stock must be certified to and recorded by the County Clerk of the county in which the corporation transacts its business, and no transfer of stock is valid as against creditors of the stockholders until so evidenced. § 1338.

8. Stockholders.

Rights and Powers. A majority vote of the stockholders is required for all amendments of the articles of incorporation (§§ 1327, 1343), and to increase or create mortgage debts. Const., Art. XII, § 8. They have the right of access to the books of the corporation and are entitled to an annual statement of its accounts. § 1341. Unanimous consent is required to dispose of all the assets of a corporation. Searcy, Town of, v. Yarnell, 47 Ark. 269.

Liability. "If the capital stock of any corporation be withdrawn or refunded to the stockholders before the payment of the debts of

the corporation for which such stock would have been liable, the stockholders shall be liable to any creditor of such corporation in an action founded on the statute, to the amount of the sum refunded to them respectively," with right of contribution against the other stockholders. § 1348; *Fletcher v. Bank of Lonoke*, 71 Ark. 1; *Wilkins v. Worthen*, 62 Ark. 401.

Meetings. No provisions for meetings to be held without the State. Time and place of annual meetings are to be fixed by by-laws. § 1330. Notice is not prescribed except for special purposes. A majority constitutes a quorum. § 1335.

Voting. Stockholders have one vote for each share of stock held. § 1335. No provisions as to proxies.

9. Directors.

Number. Must be not less than three. Must be elected annually by the stockholders and hold office until their successors are elected. § 1330. If not elected at annual meeting, must be elected within the year. § 1331. Number may be changed by the stockholders in the same manner as any other amendment to the charter is made. L. 1901, Act 99.

Qualifications. Must be stockholders (§ 1330), but need not be residents. Compensation to be fixed by stockholders. § 1339.

Powers. They may fill a vacancy in the board for the year. § 1333. They have the usual powers of management of the corporate property and affairs.

Liability. The directors assenting to any payment of dividends when corporation is insolvent, or which renders it insolvent, make themselves jointly and severally liable for all the debts of the corporation at the time of such dividend. § 1349. So also for intentional neglect or refusal to comply with the provisions of the corporation laws. §§ 1350, 1351; *Simon v. Sevier Assn.*, 54 Ark. 58.

Meetings. No statutory provision as to place. Should be fixed by by-laws. In absence of special directions in statutes, in by-laws or articles of incorporation, notice must be personally served. *Bank of L. R. v. McCarthy*, 55 Ark. 473; *Simon v. Sevier Assn.*, 54 Ark. 58. A majority constitutes a quorum. § 1335.

Executive Committee. No statutory provision.

10. Officers.

General. A president, who must be a director, and a secretary and treasurer are prescribed by the statutes, and such other officers as the by-laws may provide. The secretary and treasurer must be residents of the State and keep the books of the corporation within the State. § 1332. The president and secretary must file annual statement (§ 1337) and furnish list of employees to tax officers on demand. L. 1903, Act 142.

Liability. For failure to make and file annual report the president and secretary become jointly and severally liable for all the

debts of the corporation contracted during the period of such neglect or refusal. §§ 1337, 1347. For swearing falsely to any material statements they are liable for perjury. § 1346. (See § 9, "Directors.")

11. Principal Office.

The secretary and treasurer must reside and have their place of business in the State. § 1332. Certain formalities and publication are required to change the principal place of business. § 1357.

12. Corporate Books.

Books of account must be kept in the county where the corporation is located, or at the office of the treasurer in the State. § 1341. Stock transfer books to be prescribed by the directors are provided for by § 1342. Secretary and treasurer must keep the corporate books in the State. § 1332.

Examination of. The books are to be open to the inspection and examination of the stockholders (§ 1341), and as often as once in each year a true statement of the accounts of said corporation shall be made and exhibited to the stockholders by order of the directors. § 1341.

13. Reports.

The president and secretary must annually make and verify a certificate showing the condition of the affairs of the corporation on the first of January or of July next preceding the term of making such certificate, showing: (1) Amount of capital actually paid in. (2) Cash value of its real estate. (3) Cash value of its personal estate. (4) Cash value of its credits. (5) Amount of its debts. (6) Name and number of shares of each stockholder. § 1337. This certificate is deposited on or before February 15 or August 15 with the County Clerk of the county in which the corporation transacts its business and is recorded by him. *Id.* Also, on demand of Secretary of State, on or about July 1st of each year, an affidavit must be made by any officer of the corporation that it has not been and is not guilty of any violation of anti-trust laws. L. 1899, Act 41; Nebraska Nat. Bk. v. Walsh, 68 Ark. 433; 59 S. W. 952 (1900). A list of the corporation's employees must also be furnished on demand to the tax officers of the county. L. 1903, Act 142.

Also during the month of March a statement must be filed with the assessor of the county where the corporation is located, of its capital, sworn to by one of its chief officers, and showing: (1) Name and location of the company. (2) Amount of capital stock authorized and number of shares into which it is divided. (3) Amount of capital stock paid up, its market value, or if none, actual value. (4) Total amount of indebtedness, except current expenses, not including permanent improvements or purchase of property. (5) True valuation of all tangible property. § 6462. Assessor sends out notice ten days before June 30th to return such schedule on or before July 31st, and failure to make such return is declared a misdemeanor, punishable by fine not over \$100 and imprisonment not over three months, and fifty per cent. added to tax. § 6463.

(Arkansas)

Publication of certain amendments must be made, such as reduction of stock (§ 1327), change of business (§ 1343), removal of office, etc. § 1357. Publication of notices may be avoided by provision of the by-laws.

14. Foreign Corporations.

How Authorized to Do Business. Every foreign corporation must, by its certificate, under the corporate seal and signed by the president, file with the Secretary of State and with the Clerk of the county in which it has opened an office, a copy of its articles of incorporation (L. 1901, Act 216), and also with the Secretary of State, a certificate designating an agent, a citizen of the State, on whom process may be served (§ 1323); and also, within six months after the establishment of such office or commencing business, with both of said officers, a statement showing the proportional part of its capital stock in use both in the State and in the county in which it is doing business. L. 1901, Act 216. Fees are the same as of domestic corporations. Act of May 6, 1905. For certificate designating agent, §1. § 3299. In case agent is not designated as provided, service of process may be made on Auditor of State. L. 1901, Act 23.

Penalties for Non-Compliance. Inability to make or sue on contracts in the State. § 1324; L. 1901, Act 216; *White River Lumber Co. v. Assn.*, 55 Ark. 625.

Taxation. No license tax is provided. Other taxation is the same as of domestic corporations.

Books. No provisions.

Reports. Foreign corporations are expressly included in the provisions of the anti-trust law (L. 1899, Act 41), and the same annual affidavit is required as of domestic corporations. They are also subjected to all the penalties imposed on domestic corporations by L. 1899, Act 19, § 2. Under Const., Art. XII, § 11, they also have to file the other annual reports required of domestic corporations. § 1337; L. 1903, Act 142; *Woodson v. State*, 69 Ark. 521.

Attachments Against. Issue on the ground of being a foreign corporation. § 325, subdiv. 1.

15. Combinations and Monopolies.

Provision is made against combinations, trust pools or conspiracies of corporations, to control prices or rates, on penalty of forfeiture of charters and fine from \$500 to \$2,000 (L. 1899, Act 41), and the Secretary of State is required to address a letter of inquiry, on or about July 1st of each year, to the officers of every corporation, and to require an affidavit, the form of which he is to supply (as given in the statute), verified by any officer of the corporation, showing that it has not been guilty of any violation of the act. Id., § 4.

A penalty of fine of from \$200 to \$1,000 is prescribed for discrimination in prices of manufactured products, coal oil and dressed beef in the State. L. 1903, Act 183.

CALIFORNIA.*

Enactments of 1906.

3. Incorporation.

Filing and Recording. When articles of incorporation are destroyed by fire or other public calamity, a copy of the certified copy filed with the Secretary of State, may, if certified by him, be filed in office of county clerk and shall then have the same effect as the copy destroyed. L. 1906, Ch. 61, p. 83.

12. Corporate Books.

When Destroyed. When corporate books, records, stock certificates or bonds, or the corporate seal are destroyed by fire or other public calamity, procedure is prescribed wherein a decree of court may be had, directing the corporation to restore such lost records, etc., and to issue new bonds or certificates to the persons entitled thereto. L. 1906, Ch. 63, p. 84.

* Special Session of Legislature.

CALIFORNIA.

I. Corporation Laws.*

Constitution. (1879.) Corporations not to be created by special act. Art. XII, § 1. A stockholder is individually and personally liable in the proportion his holding bears to the total subscribed capital for all corporate debts incurred during the time he holds stock. Id., § 3. Directors are liable for embezzlements or misappropriations by officers. Id., § 3. A corporation may only engage in such business as is expressly authorized by its charter. Id., § 9. May not hold real estate for a longer period than five years except such as may be necessary in carrying on its business. Id., § 9. No stock or bonds to be issued except for money paid, labor done or property actually received; fictitious increase of stock or bonds to be void; stock or bonded indebtedness to be increased only in pursuance of general law and with the consent of a majority of the stock expressed at a meeting called on sixty days' notice. Id., § 11. Cumulative voting prescribed for elections of directors. Id., § 12. State ownership or interest in any corporation prohibited. Id., § 13.

Statutes. The general corporation law is contained in Civil Code 1901, Division First, Part IV, Title I, §§ 283-407. Under this Title private corporations may be formed for any purpose for which individuals may lawfully associate themselves. § 286. Titles II-XX treat specially of insurance, railway, street railway, wagon road, bridge, ferry, wharf, chute and pier, telegraph and telephone, water and canal, homestead, savings and loan, mining, gas, eleemosynary and other similar corporations. Co-operative associations are provided for by Laws of 1905, Ch. 437. Numerous amendments are found in Laws of 1903 and 1905.

2. Taxes and Fees.

Organization Expenses. To Secretary of State: For filing articles of incorporation when capital stock is not over \$25,000, \$15; over \$25,000 but not over \$75,000, \$25; over \$75,000 but not over \$200,000, \$50; over \$200,000 but not over \$500,000, \$75; over \$500,000 but not over \$1,000,000, \$100; over \$1,000,000, \$50 additional for every \$500,000 or fractional part thereof in excess of \$1,000,000. L. 1905, Ch. 467.

For recording articles of incorporation, 20 cents per folio (100 words); for issuing certificate of incorporation, \$3. If copies of the articles of association or certificate are desired, the fees to Secretary of State are 20 cents per folio for copying and \$2 for affixing Seal of State. Pol. Code, § 416.

* Except where otherwise noted, references are to the Civil Code of 1901.

The fees to County Clerk are \$1 for filing articles of incorporation, 10 cents per folio for copy thereof and 50 cents for certificate to same. General Laws 1879, Title 84.

Franchise Tax. \$10 per annum payable to Secretary of State between the first Mondays of July and August of each year. L. 1905, Ch. 386.

Local Taxation. Same as for individuals. Shares of stock are not taxed. Pol. Code, § 3608. Corporate property is taxed at its actual cash value. No fixed rate. Fiscal year commences January 1st. Assessments made first Monday in March. *Burke v. Badlam*, 57 Cal. 594; *Spring Valley W. W. v. Schottler*, 62 Cal. 69.

General. A tax of 10 cents is levied by the State upon each certificate of stock issued.

The State fee on filing certificate of increased capital is \$5 for every \$50,000 or fraction thereof of such increase. On filing certificate of decrease, to Secretary of State, \$5.

Fee to Secretary of State for filing other certificates of amendment, etc., \$5, and for issuance of any certificate, \$3. L. 1905, Ch. 467.

3. Incorporation.

Incorporators. Must be three or more, a majority of whom must be residents of the State. L. 1905, Ch. 392.

Articles of Incorporation. (§ 289.) Must be subscribed and acknowledged by each of the incorporators (§ 292; *People v. Company*, 97 Cal. 276), and must set forth:

(1) Name of the corporation, which must not be the same as nor so closely resembling the name of any existing corporation as to tend to deceive. The use of the word "trust" in a corporate name is prohibited to all corporations not incorporated as trust companies. § 296; L. 1905, Chs. 103, 259, 279, 290, 392.

(2) Purpose for which it is formed. No corporation shall engage in any business other than that expressly authorized by its charter. Const., Art. XII, § 9.

(3) Place where its principal business is to be transacted. Must be within the State.

(4) Term for which it is to exist, not exceeding fifty years.

(5) Number of its directors or trustees, which shall not be less than three, and the names and residences of those who are appointed for the first year. L. 1905, Ch. 392. A majority of the directors must be residents of the State. Directors must be stockholders.

(6) Amount of capital stock, the number of shares into which it is divided, the amount actually subscribed and by

whom. § 290. The capital stock may be any desired amount. Par value of shares not prescribed. No requirements as to amount subscribed.

Filing and Recording. The articles of incorporation are filed in the office of the County Clerk of the county in which the principal business of the company is to be transacted, and a copy thereof, certified by the County Clerk and accompanied by the proper fees, is filed with the Secretary of State, whereupon the latter officer issues a certificate of incorporation, over the Great Seal of the State. § 296. A certified copy of the articles of incorporation must also be filed in the Clerk's office of every county in which the corporation holds property within sixty days after such property is acquired. § 299; L. 1905, Ch. 416; *Bank v. Tibbits*, 80 Cal. 68.

4. Organization.

First Meetings. The first meeting of stockholders must be held in the State within one month after incorporation for adoption of by-laws. A majority vote of all subscribed stock is necessary to adopt by-laws, but they may also be adopted by written assent of two-thirds of the stock, without a meeting. § 301. Voting may be by proxy.

The first directors' meeting would naturally closely follow the first meeting of stockholders for the purpose of electing officers and beginning the corporate operations. Such early meeting is not, however, required by statute, one year being allowed for commencement of the corporate business. § 358.

No amount is specified for initial payment on stock subscriptions, and the first directors may therefore qualify by nominal holdings, if dummy directors are desired.

By-Laws. May provide for: (1) The time, place and manner of meetings and may dispense with notice of all regular meetings of stockholders and directors. (2) The number of stockholders constituting a quorum. (3) The mode of voting by proxy. (4) Qualifications and duties of directors, time of annual election and mode and manner of notice thereof. (5) Compensation and duties of officers. (6) Manner of election and term of office of all officers other than directors. (7) Suitable penalties for violation of by-laws, not to exceed \$100. (8) The newspaper in which all notices of stockholders' and directors' meetings shall be published, which must be in the county in which the principal place of business of the company is located, or an adjoining county, changes thereof, however, to be under the control of the directors. § 303.

The by-laws must be certified by a majority of the directors and the secretary, and be recorded in the "Book of By-Laws," which is to be open to the public. By-laws may be amended, repealed or added to by assent of two-thirds of the stock, expressed by vote at a meeting, or otherwise in writing; but this power may also by such assent be delegated to the directors. § 304; L. 1905, Ch. 416.

Certificates. None are required to show completed organization.

5. Corporate Existence.

When Commenced. On the issuance of certificate of authority by the Secretary of State. § 296. Is in no case to exceed fifty years. §§ 290, 362. Can not be collaterally inquired into. § 358.

Beginning Business. May be commenced on such issuance of certificate, and must be commenced within one year from incorporation under penalty of forfeiture of charter. § 358; *People v. Co.*, 45 Cal. 306.

Renewal. Every corporation formed for a period of less than fifty years may, at any time, prior to the expiration thereof, extend its term of existence to a period not exceeding fifty years from its time of formation. This must be authorized either by a two-thirds vote of the stock at a meeting called expressly for that purpose by the directors, or by the written assent of stockholders holding that amount of stock. A certificate of the proceedings or assent is signed by the chairman and secretary of the meeting and a majority of the directors, and filed in the office of the County Clerk where the original articles were filed, and a certified copy is filed with the Secretary of State. § 401, as amended by L. 1905, Ch. 418. It is to be noted that under the provisions of a proposed amendment of § 7, Art. XII of the Constitution, already adopted by the State Senate and shortly to be submitted to popular vote, extension of the corporate existence is permitted any time prior to its expiration, for a period not exceeding fifty years from the date of extension. L. 1905, p. 1071.

Forfeiture of Charter. Failure to begin business within one year from date of incorporation, or, thereafter, the loss or disposal of all the corporate property, together with failure to elect officers and transact business for two years, renders the corporation liable to forfeiture of its charter on suit of the State. § 358. Ten successive years of *bona fide* corporate existence exempts a corporation from such action.

Forfeiture of charter may occur also on failure to pay annual license tax. L. 1905, Ch. 386. Continuing to do business after proper action has been taken by Secretary of State is made a misdemeanor. *Id.*, § 9.

The Legislature and State officers have power to examine into the books and the affairs of corporations. §§ 382-384.

Dissolution. May be had by an application to Superior Court of the county where the principal place of business is situated, such application to be signed by a majority of the directors, and to show: (1) that the dissolution has been resolved upon by a two-thirds vote of the stockholders at a meeting called for that purpose; (2) that all claims and demands against the corporation have been satisfied. Notice of application is published not less than thirty nor more than fifty days, or if there is no newspaper in the county, is posted in three public places for the same length of time. Code Civ. Pro., §§ 1227-1233.

6 Corporate Powers.

General. The usual corporate powers are enumerated. § 354. The powers of corporations in addition thereto are limited to such

as are necessary to the exercise of the powers enumerated or given and the conduct of the corporate business. § 355. Special limitations of the usual powers are given below. *California, etc. Co. v. Co.*, 22 Cal. 398; *Knowles v. Sandercock*, 107 Cal. 629; *Union Water Co. v. Co.*, 22 Cal. 620.

To Hold Property. Corporations are empowered "to purchase, hold and convey such real and personal estate as the purposes of the corporation may require." § 354, subd. 4. No corporation shall acquire or hold any more real property than may be reasonably necessary for the transaction of its business or construction of its works. Directors may acquire by unanimous vote the land and building on and in which the business is carried on. § 360. Property in foreign countries may be conveyed with the assent of two-thirds in amount of the capital stock and a majority of the directors. § 364. Mining companies may purchase or sell mining ground only with the assent of two-thirds of the capital stock, such assent to be attached to the deed or mortgage. § 584.

Its Own Stock. May purchase its own stock when sold for delinquent assessments. § 343. All purchases of its own stock vest the legal title to same in the corporation, subject to the control of a majority of the remaining shares. § 344; *Robinson v. Mining Co.*, 72 Cal. 32; *Bank v. Wickersham*, 99 Cal. 655.

Stock of Other Corporations. No such power is given by the statutes either expressly or by implication. *Knowles v. Sandercock*, 107 Cal. 629.

To Borrow Money. No corporation shall issue stock or bonds except for money paid, labor done or property actually received, and all fictitious increase of stock or indebtedness is void. § 359; *Const.*, Art. XII, § 11.

Bonded indebtedness may be created or increased by a vote of two-thirds of the subscribed capital stock, at a meeting called by the directors, on notice published once a week for sixty days in a newspaper designated by the directors in the order calling the meeting; such newspaper to be published in the county where the principal place of business is located, or an adjoining county; said notice stating time, place and object of the meeting and the amount of indebtedness or increase to be created. Said notice must also be mailed to each stockholder at least thirty days before the meeting. A certificate, showing compliance with the law, the amount of indebtedness or increase thereof, the amount of stock represented at the meeting and the whole vote thereat, is signed by the chairman and secretary of the meeting and a majority of the directors, and is filed with the County Clerk where the original articles were filed, and a certified copy filed with the Secretary of State. § 359, as amended by L. 1903, Ch. 253; *Const.*, Art. XII, § 11.

Corporate indebtedness may, however, if properly notified to the stockholders, be created without publication, on the written assent of two-thirds in interest of the stockholders and the unanimous vote of the directors. L. 1903, Ch. 253, subd. 5. Amount of corporate indebtedness must never exceed the amount of the capital stock. *Id.*, subd. 2, 5.

To Do Business in Other States. This power is implied by § 364, providing for sale of property owned by a domestic corporation in

a foreign country, by a majority vote of the entire board of directors concurred in by two-thirds of the voting stock. Mining companies are permitted to have transfer agencies without the State but in the United States. § 586.

Consolidation or Merger. Mining corporations owning adjoining mining claims may consolidate under the provisions of § 587a, prescribing a written consent of two-thirds of the stock of each corporation, and proper publication both in the counties where mining claims are located and where the corporations have their principal places of business. A certificate of the consolidation, signed by a majority of the directors of each company, and containing all the items prescribed for original articles of association in § 290 (See § 3, "Articles of Incorporation"), is filed with the County Clerk of each county in which any of the consolidating companies was incorporated and a copy thereof is filed with the Secretary of State. Within thirty days of such filing a meeting of all the stockholders must be held, on ten days' public notice, to elect a board of directors for the ensuing year.

Railroad and co-operative corporations may also consolidate. § 473; L. 1905, Ch. 437, §§ 653i, 653j.

Amendment of Charter. General charter amendments may be made by a majority vote of the board of directors concurred in by the vote or written assent of stockholders representing at least two-thirds of the subscribed capital stock; a copy of the amended articles, certified by the president and secretary or the board of directors, to be filed as were the original articles of association. § 362, as amended by L. 1905, Ch. 576. If the assent of two-thirds of said stockholders has not been obtained, a notice of the intention to make such amendment must be advertised for thirty days in a newspaper in the city or county where the principal place of business of the corporation is located. L. 1903, Ch. 285.

The corporate name may be changed by petition to the Superior Court, a certified copy of the decree changing the name to be filed with the Secretary of State. L. 1903, Ch. 219; L. 1905, Chs. 45, 103.

For amendment extending period of corporate existence, see under § 5, "Corporate Existence"; for increase or decrease of capital stock, see under § 7, "Capital Stock"; for change of location, see L. 1903, Chs. 216, 219, 253.

7. Capital Stock.

Amount. Not limited, either as to minimum or maximum.

Initial Payment. No requirements.

Consideration for Issue. Must be money paid, labor done or property actually received. § 359, as amended by L. 1903, Ch. 253, § 309; Const., Art. XII, § 11; *Jefferson v. Hewitt*, 103 Cal. 624; *Kellerman v. Maier*, 116 Cal. 416; *Green v. Co.*, 96 Cal. 322.

Assessments. May be levied by the directors after one-fourth of the capital stock has been subscribed. § 331. As to limitations on assessments, see §§ 332, 333. Proceedings for sale on default in payment set out in detail. §§ 334-349; L. 1903, Ch. 215.

Increase or Decrease. Increase of capital stock is accomplished in exactly the same manner as prescribed for creating or increasing bonded indebtedness (§ 359, as amended by L. 1903, Ch. 253) (See under § 6, "Corporate Powers"), but every fictitious increase is void. Const., Art. XII, § 11.

It may be diminished on written assent of two-thirds of the stockholders and unanimous resolution of the directors, with due notice given to all the stockholders (L. 1903, Ch. 253, subdiv. 5), but it must not be decreased so as to be less than the corporate debts. § 359, subdiv. 2; L. 1903, Ch. 253.

Classes of Stock. No statutory provisions.

Par Value of Shares. Not prescribed.

Stock Certificates. Are signed by the president and secretary. Of mining companies issued at a transfer agency without the State are countersigned by transfer agent. § 587. Must be issued to stockholders whose subscriptions are fully paid up, and may be issued prior to full payment if the by-laws so provide. If issued before full payment, the certificate must show on its face the amount paid thereon. § 323, as amended by L. 1905, Ch. 339.

Transfer of Stock. May be made by endorsement and delivery of certificate but is not valid as against third parties until entered on the books of the corporation. § 324. May be transferred by mining corporations at transfer agencies in other states. § 586.

8. Stockholders.

Rights and Powers. Any amendment of charter, or transfer or mortgaging of real estate, or sale of entire assets must be authorized by a two-thirds vote of the stockholders. § 359; L. 1903, Ch. 371. Stockholders may remove directors by two-thirds vote of the stock at a meeting (§ 310), which may be called by one-half of the stock. Three stockholders may apply to justice of the peace for warrant on which to call meeting. § 311; L. 1905, Ch. 416. May examine books of mining corporations. § 588. May inspect mines. § 589.

Liability. Each stockholder is individually liable for such proportion of the corporate debts contracted or incurred while he was a stockholder, as the amount of stock or shares owned by him bears to the whole of the subscribed capital stock. § 322; Const., Art. XII, § 3; Knowles v. Sandercock, 107 Cal. 629; Faymonville v. McCullough, 59 Cal. 285; Kennedy v. Bank, 97 Cal. 93; L. 1905, Ch. 339.

This liability is primary and original and not that of guarantor or surety. Bank v. Hill, 59 Cal. 107; Mitchell v. Beckman, 64 Cal. 117.

Meetings. Must be held at the corporation's office or principal place of business. § 319. Unless by-laws provide for time of election, it must be held the first Tuesday of June. § 302; L. 1905, Ch. 416.

Notice. Must regularly be given by advertisement for two weeks in a newspaper published in the county in which corporation's principal place of business is located, or in an adjoining county. § 301.

But this may be dispensed with by provision therefor in the by-laws, and if all the stockholders are present at any meeting and sign a written consent on the record, no notice of such meeting is required (§ 317), and they may then act as at a regular meeting. The Constitution (Art. XII, § 11) prescribes sixty days' notice for meetings to increase stock or indebtedness. § 318. Meeting may be called on warrant issued by justice of peace. § 311; L. 1905, Ch. 416, § 6.

Quorum. A majority of the subscribed stock constitutes a quorum. § 312; L. 1905, Ch. 416, § 7.

Voting. In election of directors must be by ballot; may be by proxy. §§ 307, 312; as to proxies, see Constitution, Art. XII, § 12; Bank v. Superior Court, 104 Cal. 649; L. 1903, Ch. 215. A proxy is not valid eleven months after its date unless a longer period not exceeding seven years be stated therein. § 321b; L. 1905, Ch. 28. Cumulative voting is prescribed for election of directors. § 307; Const., Art. XII, § 12; L. 1903, Ch. 215. Stock to be voted must have stood in the name of the voter on the books of the company at least ten days before the meeting. § 312.

9. Directors.

Number. May be any number not less than three. §§ 290, 305, as amended by L. 1905, Ch. 392. Number may be changed by a majority of the stockholders. § 290, as amended by L. 1905, Ch. 392. May be removed by a two-thirds vote of the stock (§ 310) at a meeting called either by the president, by a majority of the directors, or by one-half of the stock, such call being directed to the secretary, who must send out notice as prescribed in Civil Code, § 301, for regular stockholders' meetings. (See under § 8, "Stockholders' Meetings.") If there is no secretary, or he refuses to act, the notice may be sent directly to the stockholders. § 310, as amended by L. 1905, Ch. 416, § 5.

Qualifications. Directors must be stockholders and a majority of them must be residents of the State. The requisite holding of stock may be prescribed by the by-laws. §§ 290, 305; L. 1905, Ch. 392. Compensation may be prescribed by by-laws or by stockholders direct. *Wickersham v. Crittenden*, 93 Cal. 17.

Powers. Directors have general power to manage the affairs of the corporation subject to the provisions of the by-laws, which are in the control of the stockholders. Such control may be delegated to the directors but only by special vote, and such delegation is revocable by like vote. By unanimous vote they may acquire and control real estate for business purposes. § 360.

Directors continue as trustees after dissolution of the corporation with full power to settle its affairs. § 400, as amended by L. 1905, Ch. 418.

Liability. The directors are jointly and severally liable to the creditors and stockholders for all moneys embezzled or misappropriated by the officers during such directors' term of office (Const., Art. XII, § 3); also for any dividends improperly paid, and capital stock improperly increased or decreased or withdrawn or divided, and for debts increased beyond the subscribed capital stock. But

those directors who entered their dissent on the records or were absent at the time such acts were done are exempt from liability therefor. § 309; L. 1905, Chs. 416, 522.

Under the Penal Code, §§ 560, 563, 564, 568-572, directors are made liable for fraud and false reports, etc., such acts being declared felonies, and every director present is deemed to have concurred unless he causes his dissent to be entered on the minutes, and, if not present, is deemed to have concurred if the facts appear of record and he remains a director for six months thereafter without causing his dissent to be entered on the minutes. P. C., §§ 569, 570.

Any agreement by which the liability under Art. XII, § 3 of the Constitution, as stated above, is sought to be avoided, is declared void. § 327.

Meetings. Must be held at the corporation's office or principal place of business. § 319. If not otherwise provided in the by-laws, notice of meeting must be given in writing to each director by the secretary, on the order of the president or of two directors. § 320. Quorum is a majority. § 308. "Unless a quorum is present and acting no business performed or act done is valid as against the corporation." § 305.

Executive Committee. May be prescribed by by-laws. § 303.

10. Officers.

General. The officers and their duties are to be prescribed by the by-laws. § 303. Their names and residences must be shown on the books of the company at its principal office in the State. Const., Art. XII, § 14.

Officers responsible for any report, public notice or record which is false, are jointly and severally liable in damages to any person injured thereby. § 316. Issuing or making any such report, public notice or record is made felony, and is punishable by imprisonment of two years and fine, not to exceed \$5,000. L. 1905, Chs. 522, 583.

The Penal Code, §§ 558, 563-565, also contains provisions for similar offences, and for refusal to allow inspection of books. § 565.

11. Principal Office.

A principal office is to be maintained within the State, where transfers of stock must be made. Const., Art. XII, § 14. Mining companies are permitted to have transfer agencies without the State. § 586. The principal office may be changed only by amendment of the articles of association. § 321a; L. 1903, Ch. 216.

12. Corporate Books.

What Required. Stock and transfer books are prescribed, to show amount of capital stock subscribed and by whom, names of stockholders and amount owned by each, amount of stock paid in and by whom, transfers of stock; also the corporate assets and liabilities, and the names and residences of the officers. Const., Art. XII, § 14. Also a "Book of By-Laws" must be kept. § 304. A record book is

prescribed in detail. § 377. Account and stock books must be kept by mining companies. § 588.

Where Kept. Books are to be kept at the principal office within the State. §§ 304, 588; Const., Art. XII, § 14; Knowles v. Sandercock, 107 Cal. 629. Transfer agencies without the State are allowed for mining companies. § 586.

Examination of. The stock and transfer books are to be open for inspection by every person having an interest therein and by legislative committees. §§ 377, 378; Const., Art. XII, § 14. The book of by-laws is to be open to the inspection of the public during office hours of each day, except holidays. § 304.

All books are open to State officers and Legislature; also officers are liable to examination as to corporate affairs. §§ 382-384.

13. Reports.

No annual reports are required, except tax returns by certain corporations.

Publication of notices of sale of stock for delinquent assessments, of change of name and of dissolution is required, and except where not otherwise provided in the by-laws, of notices of stockholders' meetings.

14. Foreign Corporations.

How Authorized to Do Business. Foreign corporations doing business in the State must file a certified copy of their charter or other creative instrument or act with the Secretary of State; and also a copy thereof certified by the Secretary of the State of California with the County Clerk of the county in which they have their principal place of business and in counties where their property is located. § 408. Filing and incidental fees same as for domestic corporations. § 409.

Such corporations must also, within 40 days from commencing to do business in the State, file with the Secretary of State a designation of some person residing in the State on whom process may be served. § 405; Const., Art. XII, § 14; L. 1905, Ch. 471.

Penalties for Non-Compliance. Foreign corporations not complying with the statutory requirements can not maintain suit in the state courts (§ 406), and are subject to a fine of not less than \$500 at the suit of the State. L. 1905, Ch. 471, § 410. They are also denied the benefit of the Statute of Limitations. L. 1905, Ch. 471.

Taxation. The taxation of foreign corporations is the same as for domestic corporations. L. 1901, Ch. 93.

Books. Foreign corporations doing business in the State are subject to the same provisions as domestic corporations (§§ 377-384; Const., Art. XII, §§ 14, 15), and must therefore keep the same books. Foreign mining companies are expressly ordered to keep the same books. § 588.

Reports. No reports are required.

Attachments Against. Same as against non-resident individuals. Code Civ. Pro., §§ 541, 542.

Liability of Stockholders. Stockholders of foreign corporations doing business in the State are subject to the same liabilities as imposed upon stockholders of domestic corporations. § 322; L. 1903, Ch. 215; L. 1905, Ch. 339; *Pinney v. Nelson*, 183 U. S. 144 (1901).

15. Combinations and Monopolies.

Discrimination in rates and combinations among transportation companies are prohibited by the Constitution. Art. XII, §§ 20, 21.

COLORADO.

1. Corporation Laws.*

Constitution. (1876.) No charter of incorporation to be granted by special law, except for such municipal, charitable, educational or reformatory corporations as may be under control of the State. Art. XV, § 2. Consolidations in any manner of railroad or telegraph companies owning or controlling parallel or competing lines is prohibited. Id., §§ 4, 13. No stock or bonds to be issued except for labor done, service performed, or money or property actually received, and all fictitious increase of stock or indebtedness declared void. Stock not to be increased except in pursuance of general law, nor without consent of a majority of the stock, at a meeting held after at least thirty days' notice. Id., § 9. Foreign corporations to have one or more known places of business with an agent on whom process may be served. Id., § 10. Regulations for mining and irrigation companies are prescribed. Art. XVI.

Statutes. The Corporation Law of Colorado is found in Mills' Annotated Statutes, 1891-1905, Ch. 30, of which Division 1 contains general provisions for the organization of corporations, under which corporations may be formed for any lawful purpose (§ 472), and Division 2 contains additional provisions for particular corporations as follows: banks, savings banks, trust, deposit and security, surety, title guaranty, toll road, ditch, flume, bridge and ferry, mining, telegraph, telephone, gas, railroad, charitable and joint stock companies.

2. Taxes and Fees.

Organization Expenses. To Secretary of State: On filing certificate of incorporation, if authorized capital stock does not exceed \$50,000, \$20; if it exceeds \$50,000, 20 cents additional on each \$1,000 of such excess. § 491. For issuing certificate of authority, \$5. § 491i. For filing and recording certificate of impression of corporate seal, \$2.50. § 491h.

Fees of County Recorder for filing charter vary in the different counties from 3 to 60 cents. § 1900.

The annual license tax must also be paid for the current year. § 3865.

Franchise Tax. On or before May 1st of each year, every corporation having a capital stock of \$25,000 or over, must pay to the

* References are to Mills' Annotated Statutes, 1891-1905 (two volumes, 1891, and a supplement to January 1, 1905), except where otherwise noted.

Secretary of State (§ 491g) a license tax of 2 cents on each \$1,000 of capital stock. § 3865. No franchise tax on smaller capitalizations.

Local Taxation. Special franchises are assessed with the tangible property. § 3862. There are special returns prescribed for corporations doing business and owning property in two or more counties of the State (See § 13, "Reports"), (§ 3864), for mining corporations (§ 3884), building and loan associations (§ 3876), and other special corporations. Property owned by mining corporations is deemed to represent the value of their capital stock for purposes of taxation; except that non-producing mines are taxed. § 3890. Private ditches, canals and flumes are exempt. Const., Art. X, § 3.

General. To Secretary of State: On increase of capital stock, 20 cents for each \$1,000 of increase. § 491. Amendments of charter, \$5, except for change of name, when the fee is \$25. § 491a. For filing and recording certificate of paid up stock, \$2.50, and where such stock exceeds \$50,000, five cents additional on each \$1,000 in excess. § 491h. Filing annual report, from \$1 to \$5. § 491j.

3. Incorporation.

Incorporators. Must be three or more. § 473; *Humphreys v. Mooney*, 5 Col. 282.

Certificate of Incorporation. As many copies of the certificate of incorporation as may be necessary for one to be filed in each county in which the company will carry on business, must be made, signed and acknowledged by the incorporators. This certificate must state (§ 473):

(1) Name of the company, which must commence with the word "the" and end with the word "corporation," "company," "association" or "society," and must indicate the business to be carried on. § 472. Banks and corporations not for profit are excepted from this requirement. *State v. McGrath*, 9 Am. Corp. Cases 519. No two corporations may bear the same name (§ 475) nor any so similar as to be liable to cause mistakes. § 625.

(2) Objects for which the company is created. These can not be changed by amendment of charter. § 477. They may be more than one.

(3) Amount of capital stock and number of shares of which the stock shall consist. Capital stock not limited. Par value of shares must be not less than \$1 nor more than \$100 each. § 480.

(4) Term of existence, not to exceed twenty years.

(5) Number of directors or trustees, and names of those who shall serve for the first year.

(6) Name of the town or place, and the county in which the principal office of the company shall be kept (*Tabor v. Bank*, 62 Fed. 383, 387 [1894]), and name of county or counties in which principal business shall be carried on.

(7) If part of its business is to be carried on outside of the State, the certificate must state that fact, and also the name of the town and county in the State in which the principal office will be kept, and the name of the county in which its principal business will be carried on in the State.

(8) Power to make by-laws may be given the directors. § 484.

(9) Directors' meetings may be held outside the State, if so provided in the certificate. §§ 481, 493.

Filing and Recording. Certificate of incorporation must be filed in the office of the Secretary of State, and either duplicates or certified copies from Secretary of State are filed with recorders of deeds in every county in which the company is to carry on business. §§ 473-475; *People v. Cheeseman*, 7 Col. 376; 3 Pac. 716.

4. Organization.

First Meetings. Stockholders' first meeting must be held within the State. It may be held on waiver and consent as to time and place (*Byers v. Hussey*, 4 Col. 515, 522; *Humphreys v. Mooney*, 5 Col. 282), and votes may be cast by proxy. If directors are authorized to make by-laws, this first meeting loses much of its importance.

The first meeting of directors for election of officers and other details of organization, should be held immediately upon issuance of certificate by Secretary of State. A president is required by the statute (§ 483); the other officers are to be prescribed by the by-laws.

By-Laws. If the power to make by-laws has not been delegated to the directors by the certificate of incorporation, by-laws should be adopted at the first meeting of the incorporators. § 484. They should provide for the usual details of corporate procedure.

Certificates. None are required to show completed organization.

5. Corporate Existence.

When Commenced. On filing certificate of incorporation with Secretary of State, payment of fees and issuance of certificate by Secretary of State. §§ 491, 491j. Is not to exceed twenty years, but directors continue as trustees after dissolution or expiration, until the corporate affairs are settled. §§ 473, 619, 620. Can not be inquired into collaterally. *Humphreys v. Mooney*, 5 Col. 282; *Ry. Co. v. Ry. Co.*, 2 Col. 673.

Beginning Business. May be commenced forthwith. *Jones v. Aspen H. Co.*, 21 Col. 263.

Renewal. May be effected for another period of twenty years, by majority vote of entire outstanding stock, cast at a special meeting called for the purpose by the holders of at least 10 per cent. of the entire capital stock on publication for four weeks and thirty days' notice by mail, vote to be certified by president and secretary and filed in the same offices as original certificate. Fees, same as for original

incorporation. If charter has expired, call for meeting and vote require two-thirds of outstanding stock. L. 1905, Ch. 87.

Forfeiture of Charter. Occurs on failure to pay license tax. §§ 3867-3869. Quo warranto lies for failure to pay fees on issuance of stock. § 491b; Const., Art. XV, § 3; Road Co. v. People, 5 Col. 39; Jones v. Aspen H. Co., 21 Col. 263.

Dissolution. May be had voluntarily by a vote of two-thirds of the entire stock at a meeting called for that purpose, on same notice as prescribed for amendments, but only when all debts have been paid, and with due notice, filing and publication. §§ 491m, 497, 619 a, 620; Jones v. Bank, 10 Col. 464; 17 Pac. 272.

6. Corporate Powers.

General. The usual powers are enumerated in § 476, with the additional power to change the corporate seal at any time by filing an impression thereof with the Secretary of State.

To Hold Property. This power is limited in the numeration to such as is "necessary for the transaction of their business." § 476.

Its Own Stock. Is prohibited, except as to such as may be forfeited for non-payment of assessments thereon. § 485; Talmon v. Mica Co., 22 N. W. 506.

Stock of Other Corporations. Is not prohibited by the statute, but there is a decision holding such a transaction invalid against objection of the minority stockholders, when it amounted to obtaining control of the other corporation and obtaining its property. Ditch companies may hold stock of telephone companies to facilitate their business only. § 477; Glengary C. M. Co. v. Boehmer, 28 Col. 1; 62 Pac. 839 (1900).

To Borrow Money. This power is not limited as to general corporations, except by the amount of the capital stock. § 625. All fictitious increase of indebtedness declared void. § 618; Const., Art. XV, § 9; Mining Co. v. Bank, 2 Col. 248.

The directors of mining and manufacturing companies can not encumber their mines, plants or machinery without a majority vote of their stockholders. § 481; Bartlett v. Gates, 118 Fed. 66, 67 (1902).

To Do Business in Other States. Is permitted only when specified and allowed by the certificate of incorporation. § 473, subdiv. 9.

Consolidation or Merger. Is permitted of corporations of the same kind and in the same vicinity by affirmative vote of three-fourths of the stock of each company, cast at an annual meeting, or at a special meeting called for that purpose by the directors, or by a majority of the stock on notice as prescribed for amendments. § 628. Certificates of incorporation are then prepared, setting forth the facts of the consolidation, and signed and acknowledged by at least three of the stockholders of each consolidated company, and are filed in the same offices as were the original certificates of incorporation. Publication of four weeks before meeting and three weeks after effected consolidation, is required. § 628; Cook v. Hager, 3 Col. 388; Uteley v. L. M. Co., 4 Col. 371.

By purchase, under foreclosure or execution, of all the property, rights and franchises of another corporation, the purchasing corporation acquires all the rights and powers and becomes subject to all the duties and liabilities of such other corporation, and holders of mortgage or deed of trust may take steps to procure extension of its corporate existence. L. 1903, Ch. 78.

Amendment of Charter. May be had in any respect, except change of object (§ 477), by a two-thirds vote of all the stock subscribed, at a regular meeting, provided the notice specifies the amendment to be voted on, or at a special meeting on thirty or sixty days' similar notice, served personally or by mail. Such meeting may be called on the written request of one-third of the outstanding stock, stating the substance of the proposed amendment. When amendments have been duly adopted, a certificate setting forth the facts is certified by the president and attested by the secretary with the corporate seal, and filed as was original certificate. §§ 477-479a, 625-629.

7. Capital Stock.

Amount. Not limited.

Initial Payment. Not prescribed.

Consideration for Issue. May be labor done, services performed or money or property actually received. All fictitious issue of stock is void (§ 618; Const., Art. XV, § 9), but by § 490, the directors are authorized to issue stock for mines, manufactories or other property necessary for their business, and stock so issued is to be declared and taken to be full paid stock. It must, however, be reported according to the facts in all statements or reports of the company. (See § 13, "Reports.") Arkansas, etc., Co. v. Co., 13 Col. 587; 22 Pac. 954; Arapahoe, etc. Co. v. Stevens, 13 Col. 541; 22 Pac. 823; DuPont v. Tilden, 42 Fed. 87.

Subscriptions are payable in such instalments and at such times as the directors shall determine (§ 480), but they must be levied *pro rata*. § 489. Suit for payment of any subscription instalment may be commenced twenty days after personal demand therefor, or thirty days after written demand. Also the directors may by by-laws prescribe forfeiture or sale of stock for non-payment.

Mining and irrigation companies, under certain conditions and with certain preliminaries, may assess full paid stock. §§ 569, 583b.

Increase or Decrease. Is accomplished in the same manner as other amendments of the certificate of incorporation, except that thirty days' notice of the meeting must be given, stating the amount of the proposed increase or decrease, which latter must never be had to the prejudice of creditors. §§ 477, 479, 625; Const., Art. XV, § 9. Fees on increase are twenty cents for each \$1,000 of increase. § 491.

Classes of Stock. Not mentioned by the statute.

Par Value of Shares. Must be not less than \$1 nor more than \$100. § 480.

Stock Certificates. Signing officers and other details to be provided for by by-laws. § 480.

Transfer of Stock. Manner of transfer may be prescribed by by-laws. § 480. No transfer or pledge of stock shall be valid for any purpose, except to make the transferee liable as a stockholder, unless entered on the stock book within 60 days from the date of such transfer. Penalty for refusal of corporation officials to make entry is \$50 and all damages, to be paid by the corporation to the party injured.

8. Stockholders.

Rights and Powers. The stockholders control, by various prescribed proportions of votes, all amendments of certificate of incorporation; also dissolution, renewal of period of existence, etc. Where assessments are allowed on full paid stock in certain classes of corporations, they control such assessments. They are entitled to stock certificates issued as the by-laws may prescribe, and all books, accounts and papers of the corporation are open to their inspection. §§ 488, 508.

Liability. Each stockholder is liable for the corporate debts to the extent of any amount that may be unpaid on his stock. § 486; *Buenz v. Cook*, 15 Col. 38; 24 Pac. 679; *Colo. F. & I. Co. v. Co.*, 13 Col. App. 474; 59 Pac. 222 (1899). A joint action may be maintained against the corporation and the stockholders. *Smith v. Fire Ins. Co.*, 14 Fed. 399 (Colo.); *Fire Ins. Co. v. Tabor*, 16 Col. 531.

Meetings. Must be held within the State, at the office of the company. §§ 481, 493.

Notice. Except meetings for special purposes, as for amendment of charter, etc., where special notice is provided, all stockholders' meetings must be notified by ten days' publication in a newspaper nearest to the principal office and also where addresses are furnished the secretary, by notice served personally or by mail thirty days before the meeting. §§ 481, 626.

Quorum. A majority of the outstanding stock is required. § 481.

Voting. At all elections of directors voting must be by ballot, and cumulative voting and voting by proxy are permitted. § 481; *People v. Lothrop*, 3 Col. 452.

9. Directors.

Number. The corporate powers shall be exercised by a board of directors or trustees of not less than three nor more than thirteen. § 481. The number may be changed by amendment of the certificate of incorporation. (See under § 6, "Amendment of Charter.") Mining companies and banks must not have more than nine directors. § 585.

Qualifications. The directors must be stockholders (§ 481; *Byers v. Rollins*, 13 Col. 26; 21 Pac. 894), but need not be residents. *Humphreys v. Mooney*, 5 Col. 292. They are elected annually. They are not entitled to compensation as directors, unless provided for or expressly sanctioned in the charter. *Brown v. R. M. S. Mines*, 17 Col. 421; 30 Pac. 66.

Powers. The powers of directors in this State are very broad. *A. R., etc. Co. v. Co.*, 13 Col. 598; 22 Pac. 958; *Miller v. Murray*, 17

Col. 408; 30 Pac. 46. The power to make and control by-laws may be delegated to the directors by the certificate of incorporation. § 484. The last directors on dissolution or expiration continue as trustees to settle the corporate affairs. §§ 619, 620.

Liability. For failure to make annual report, the directors and officers render themselves jointly and severally liable for all corporate debts created during the preceding year and until the report is made and filed. § 491j. So, also, for declaring and paying any dividend which would render the company insolvent or diminish its capital stock. § 492. Failure to properly keep and, on demand, permit inspection of books, is a misdemeanor, and the offender is liable in fines and damages. §§ 488, 508; *Nix v. Miller*, 26 Col. 203; 57 Pac. 1084; *Matthew v. Patterson*, 16 Col. 215; 26 Pac. 812; *Buenz v. Cook*, 15 Col. 38; 24 Pac. 679; *Cook v. Merritt*, 15 Col. 212; 25 Pac. 176.

Meetings. Of directors may be held without the State if so provided in the certificate of incorporation (§§ 481, 493) or if such meeting outside the State be authorized or ratified by a majority of the stockholders at a regular meeting. § 493; *Humphreys v. Mooney*, 5 Col. 293. Notice of directors' meetings is to be prescribed by by-laws, but when all are present or sign consent on the record, notice may be waived and action taken at such meeting is valid. § 493. Quorum is a majority, but may be prescribed by by-laws. *People v. Lothrop*, 3 Col. 452.

Executive Committee. No statutory provision, but may undoubtedly be provided for in the by-laws.

10. Officers.

A president is prescribed by law, who must be a director (§ 483); other officers may be specified by the by-laws. Security may be demanded of such officers. § 483.

Liability. They are liable, in fine and damages, for neglecting to make proper entries, and for refusal to allow inspection of books and papers (§§ 488, 494, 508), and such acts are declared misdemeanors. They are also jointly and severally liable with the directors for the corporate debts, on failure to make annual reports. § 491j. (See § 9, "Directors.")

11. Principal Office.

One must be maintained in the State. § 473. Its location must be given in the certificate of incorporation, and is changed with the same formalities as for other amendments. § 625; *Tabor v. Bank*, 62 Fed. 383, 387 (1894).

12. Corporate Books.

The statutes provide for books of account (§ 488) and for a specific stock book (§ 508), showing alphabetically names of all who are and have been stockholders during the preceding year, their

places of residence, number of shares held by each, time when they became and ceased to be stockholders, amount of stock actually paid in, and what proportion has been paid in cash. These books must be kept at the principal office or place of business in the State. §§ 488, 508. Railroad and telegraph companies and industrial corporations with paid up capital exceeding \$20,000,000, having a transfer agency in the City of New York, are exempt from the provisions of § 508.

Examination of. The books named above must be kept open for the inspection of stockholders at all reasonable times (§ 488), and the stock register must be open to creditors during usual business hours; they also may make extracts from the same. Penalties of fines and damages are incurred by refusal. §§ 488, 508.

13. Reports.

Every corporation must, within sixty days after January 1st of each year, make and file an annual report in the office of the Secretary of State, showing: (1) Names of its officers and their several places of residence, together with the street or business addresses of such officers. (2) Names of its directors or trustees, and their several places of residence, together with the street or business addresses of such directors or trustees. (3) Amount of its capital stock as fixed and determined by its articles of incorporation and amendments thereto. (4) Proportion of capital stock actually paid in. (5) Whether same was paid in cash, by the purchase of property, or otherwise. (6) Amount of the indebtedness of said corporation at the date of filing said report. (7) Setting forth whether or not it is engaged in active operation of its business within the State of Colorado. (8) Such other information as will show with reasonable fullness and certainty the condition of its real and personal property and the financial condition of such corporation at the date of filing said report. Mining corporations must make additional statements. § 491j.

Corporations doing business or owning property in two or more counties, must on or before June 1st of each year, on penalty of \$100 and \$100 additional for every day of delay after that day, make a report to the State Auditor as follows: (1) Name and location of principal office. (2) Amount of capital stock as authorized, and the number of shares into which the same is divided. (3) Amount of capital stock paid in, and amount of bonds outstanding, if any. (4) Average market value of stock and bonds during the twelve months next preceding date of report, or, if they have none, the actual value thereof. (5) Total indebtedness of the corporation except indebtedness for current expenses, excluding from such expenses amount paid for purchase or improvement of property. (6) Value and location of all its property. (7) Gross earnings for twelve months ending March 31st. (8) Net earnings during the same period. (9) Difference in value between all tangible property and the capital stock, and the mortgage or bonded indebtedness. (10) Name and particular description of each franchise or privilege owned or enjoyed and the value thereof.

After the payment of the last instalment of capital stock, the president and a majority of the directors must make and verify a certificate stating the amount of the capital stock and that it has been fully paid, which certificate is recorded in the office of the Secretary of State and with the recorders of each county where the

company is doing business. § 487. Penalty for non-compliance with this section is liability for corporate debts. § 491.

Tax returns are required to be made between April 1st and May 15th of each year on blanks furnished by the county assessors, and the latter may examine officers under oath on such returns. § 3864.

Publication is required merely of notices of amendments, etc.

14. Foreign Corporations.

How Authorized to Do Business. Every foreign corporation must, before it will be permitted to do any business in the State, make and file a certificate, acknowledged by its president and secretary, with the Secretary of State and with the Recorder of Deeds of the county in which business is carried on, designating the principal place where the business of the company is carried on in the State, and an authorized agent, residing at the same place, on whom process may be served. § 499. A duly authenticated copy of its charter or certificate of incorporation and, if the latter, also of the general law under which it was incorporated, must also be filed with the Secretary of State (§ 500), who thereupon issues certificate of authority. § 491i.

Fees are: To Secretary of State, \$30 on authorized capital stock of \$50,000 or less; 30 cents on each additional \$1,000 or fraction. Same fees for any subsequent increase. § 491 c. For filing copy of foreign law, \$5 (§ 491c); for certificate of authority, \$5 (§ 491i); for filing designation of agent, \$5. § 491j. Annual license tax must also be paid for the current year to May 1st next succeeding. § 3866. On every subsequent amendment, fees are the same as prescribed for domestic corporations. § 491g.

Penalties for Non-Compliance. Failure to comply renders every officer, agent and stockholder of the company jointly and severally liable on any and all contracts of such company made within the State during the period of such default. § 501. Failure to pay incorporation fees deprives corporation of right to transact any business, hold any property or sue or defend suits in the State. § 491c. So also on failure to pay annual license tax. § 3867. And quo warranto lies on failure to pay fee and file certificate on increase of capital stock. § 491d.

Taxation. Annual license tax, payable on or before May 1st of each year, is 4 cents on each \$1,000 of its capital stock, but if the par value of its shares is less than \$1, then 2½ cents per 1,000 shares. § 3866.

Books. Are the same as prescribed for domestic corporations.

Reports. Foreign corporations are subjected to all the regulations concerning domestic corporations and must file the same reports. §§ 491j, 3864.

Attachments Against. Lie against foreign corporations as such. § 2700.

General. Foreign corporations are not allowed a longer period of existence in the State than domestic corporations. Within the

same limitations, such period may be renewed, but in no case beyond the period of such corporation's existence in the State of its organization. § 491 o; *Iron Co. v. Cowie*, 31 Col. 450 (1903).

There is a tendency to discriminate against foreign corporations in this State, by taxing the entire capital stock (§ 3866), by restricting their power to mortgage their property (§ 499), by compelling them to go through all proceedings subsequent to organization or authorization in Colorado as well as in the home State. §§ 491d, 491g, 499a. It is to be noted, too, that restrictions on use of similar names are only in favor of domestic corporations. § 625; *Iron Co. v. Cowie*, 31 Col. 450; *Utlely v. Clark Co.*, 4 Col. 369; *Brittle Silver Co. v. Rust*, 51 Pac. 526.

15. Combinations and Monopolies.

No provisions.

CONNECTICUT.

1. Corporation Laws.*

Constitution. No provisions as to business corporations.

Statutes. General corporations are formed under the Laws of 1903, Chapter 194 (amended by L. 1905, Chs. 166, 171, 267), for any lawful business not otherwise provided for, and which does not involve the exercise of the power of eminent domain. § 62. This restriction does not apply to a company organized to operate outside the State, provided such corporation is not in violation of the laws of the state in which it is proposed to operate. §§ 4, 62.

Bank and trust companies, insurance, surety, railroad, street railway, telegraph, telephone, gas and electric, building and loan, water and other corporations have special provisions. General Statutes, 1902, §§ 3399-4024.

2. Taxes and Fees.

Organization Expenses. To State Treasurer, before certificate of incorporation can be approved by the Secretary of State: 50 cents on every \$1,000 of authorized capital up to \$5,000,000 and 10 cents on every \$1,000 in excess thereof; minimum payment, \$25. § 61.

To Secretary of State: For filing certificate of incorporation, \$1; for recording same, \$1 for two pages or less, and 50 cents for each additional page, and same fees for filing and recording certificate of organization. For preparing forms for certificates and returns, etc., for recording and for copies, 50 cents for each page, but in no case less than \$1; for certificate and state seal, 50 cents. R. S. 1902, § 4811. Recording fees to Town Clerks and for copies, at the rate of 40 cents per page. Id., § 4845.

Franchise Tax. None imposed.

Local Taxation. Same as for individuals. R. S. 1902, § 2328. Stock is not taxable, when property it represents is taxed. Id., § 2329.

General. To State Treasurer on increase of capital stock, 50 cents on each \$1,000 of increase until the total capital stock is \$5,000,000; 10 cents per \$1,000 on excess; minimum payment, \$25. § 61.

3. Incorporation.

Incorporators. Must be three or more. § 62. No requirements

* References are to Chapter 194 of L. 1903, unless otherwise stated.

as to residence. They have charge of the affairs of the corporation until directors are elected and may take steps to obtain subscriptions to the stock. §66.

Certificate of Incorporation. Must be signed and sworn to by the incorporators (§ 60), and must set forth (§ 63):

(1) Name of the corporation. This must not resemble that of an existing corporation so closely as to lead to confusion. Must begin with "The" and end with "Company" or "Corporation" or have the word "Incorporated" immediately after or under it. § 2.

(2) Name of the town in the State in which the corporation is to be located.

(3) Nature of the business to be transacted or the purposes to be promoted or carried out.

(4) Amount of capital stock, not less than \$2,000; the number of shares into which it is divided and the par value of each, which must not be less than \$25. If there be more than one class of stock, a description of the different classes, with the terms on which they are respectively created.

(5) Amount of capital stock with which the corporation shall commence business; not less than \$1,000.

(6) Period, if any, limited for the duration of the corporation.

The certificate may also contain any lawful provisions for regulating the business or defining the powers of the corporation, its officers, directors, stockholders or any class of stockholders. § 64.

Filing and Recording. The certificate is filed with the Secretary of State who, if it conforms to the law, and if all taxes have been paid, approves and records it. A copy certified by the Secretary of State must be filed and recorded in the office of the Town Clerk of the town where the corporation is to be located. § 60. A certificate of organization (See "Certificates" under § 4) is similarly filed, approved and recorded. § 69.

4. Organization.

First Meetings. The first meeting of stockholders may be called by a majority of the incorporators by notice published twice at least seven days before the time set, in a newspaper of the State circulating in the town where the corporation is located. Notice may be waived by written waiver and consent of all the subscribers to the stock and a majority of the incorporators, entered on the records. § 67. The subscribers may attend and vote by attorney. §§ 25, 68. The meeting must be held within the State. § 22. At this meeting a temporary clerk is chosen, and three or more directors, who must be stockholders, are elected by ballot. By-laws should also be adopted. Id.

The first meeting of directors for election of officers immediately follows the incorporators' meeting. §§ 69, 70. At this meeting are elected a president, a treasurer, a secretary and such other officers as the by-laws prescribe. (See § 10, "Officers.")

By-Laws. Are adopted at the first meeting of the subscribers

to the stock. § 68. Subject to the by-laws adopted by the stockholders, the directors may make and alter by-laws. § 10. By-laws can not be amended or repealed without special notice. § 22.

Certificates. On completion of organization a majority of the directors file a "certificate of organization," setting forth: (1) Amount of each class of stock subscribed for. (2) Amount paid thereon in cash. (3) Amount paid thereon in property other than cash. (4) Amount paid on each share of stock which is not paid for in full. (5) The name, residence and address of each of the original subscribers, with the number and class of shares of each. (6) That the directors and officers of the corporation have been duly elected and its by-laws adopted. (7) The name, residence and postoffice address of each of the officers and directors. (8) The exact location of its principal office in the State and name of the agent in charge to receive service of process. § 69; L. 1905, Ch. 267.

5. Corporate Existence.

When Commenced. On approval by Secretary of State of certificate of incorporation. § 65. The statute permits perpetual existence. § 63. Existence continues after expiration by limitation or otherwise for the purpose of closing up affairs. § 36. A copy of certificate of organization approved and certified by the Secretary of State, under the seal of the State, is *prima facie* evidence of due organization and authority to do business. § 69.

Beginning Business. Business can not be commenced until the amount of capital specified in the certificate of incorporation as the amount with which it will begin business has been paid in; nor until its directors and officers have been duly elected and its by-laws adopted; nor until the certificate of organization stating these facts has been filed. § 69. Unless this certificate is filed within two years after filing the certificate of incorporation, the latter is void. L. 1905, Ch. 267.

Renewal. Is not specially provided for, the statute contemplating perpetual existence. § 63. If limited in the charter renewal may be effected by regular amendment.

Forfeiture of Charter. Where corporation has been wilfully guilty of *ultra vires* acts or is grossly mismanaged, its charter may be forfeited at suit of one-tenth of the stock (§ 26) or by *quo warranto* at suit of Attorney General. R. S. 1902, § 1026.

Dissolution. On the ground of *ultra vires* acts or gross mismanagement or fraud, may be had on application by minority stockholders holding one-tenth of the stock, to the Superior Court of the county of its location. §§ 26-28. Voluntary dissolution may be had on consent signed and acknowledged by all the stockholders; or on a three-fourths vote of each class of stock, confirming a majority vote of the directors. Stockholders' meeting to be called for the purpose on notice containing a copy of the directors' vote, given not less than thirty nor more than forty days before the meeting and published once a week for four weeks next preceding the meeting in a newspaper of the State having circulation in the town where the corporation is located. § 29. Proceedings on dissolution, with directors as

trustees, etc., are given. §§ 30-34. A certificate completing same is to be filed with, approved and recorded by the Secretary of State. § 34.

6. Corporate Powers.

General. General powers are enumerated. § 3. The power to share profits with employees is conferred. § 9.

To Hold Property. This power is limited to such property as the purposes of the corporation require, or as may be taken in payment of debts or for security. § 3.

Its Own Stock. This power is expressly given if not prejudicial to creditors, with consent of three-fourths of outstanding stock at a meeting called for that purpose. Shares so acquired are held as treasury stock and are not voted. § 11. Certificate of any such transaction must be made by the president and treasurer and recorded with the Secretary of State within six months. Id.

Stock of Other Corporations. This power is expressly given. § 11. One director or executive officer of the holding corporation may be elected director of the other corporation though he is not individually a stockholder thereof. § 10.

To Borrow Money. No restrictions. § 59.

To Do Business in Other States. This power is granted, even to the extent of business which is not permitted under general charters within the State, if not prohibited by the laws of the foreign state or country. §§ 4, 62.

Consolidation or Merger. Is permitted to corporations carrying on similar businesses. § 75. Procedure is given. §§ 76-79. Two-thirds vote of the stockholders, three weeks' publication of notice, and filing and recording as of original certificate of incorporation are required. § 77.

Amendment of Charter. Before filing the certificate of organization, any changes, within the law, may be made in the certificate of incorporation on written consent of all the subscribers to the capital stock. § 73. Corporations may change name, the nature of business and location; may increase or reduce the amount of authorized capital stock; may create one or more classes of stock, or make any other amendments, on vote of two-thirds of each class of the outstanding stock, at a meeting duly called to consider such amendment. A certificate of its adoption must be made and filed by a majority of the directors. § 74.

7. Capital Stock.

Amount. Must be not less than \$2,000. § 63. No maximum limited.

Initial Payment. Must be not less than \$1,000. § 63.

Consideration for Issue. If stock is paid for otherwise than in cash, a majority of the directors must make and sign on the records of the corporation a statement showing particularly the property received and that it has an actual value equal to the amount for

which it was received. § 12. The judgment of the directors as to such value is final; but for fraudulent overvaluation they are personally liable. The secretary must keep a record of the directors concurring in any valuation of property. § 12. The directors may call in subscriptions by instalments in such proportions and at such times and places as they think proper, on such notice as the by-laws provide, and if no provision exists, on reasonable notice of amount, time and place. § 13.

Increase or Decrease. Is accomplished by amendment of certificate of incorporation. Issue of additional authorized stock may be made on vote of stockholders at a meeting named and held for that purpose. § 71. And the facts of such issue must be certified by a majority of the directors, in form substantially as for the certificate of organization, at the time of filing the next annual report. *Id.*

In case of reduction the name of every stockholder voting in favor thereof must appear of record, and a certificate of such reduction must be filed in the office of the Secretary of State and published twice a week for two successive weeks within thirty days from the date of the vote. § 6.

Classes of Stock. May be provided for with terms of issue, in certificate of incorporation. §§ 59, 63.

Par Value of Shares. Must be not less than \$25. Must be stated in certificate of incorporation. § 63.

Stock Certificates. Certificates must not be issued until the stock has been subscribed and paid for in full. On first payment the treasurer's receipt, countersigned by the secretary, is given under the corporate seal, stating the amount paid and the number of shares of full-paid and non-assessable stock to which the subscriber or his transferee will be entitled on payment of the balance. Dates and amounts of subsequent payments are entered on the same receipt and the persons holding the same are deemed stockholders. § 12. On full payment and surrender of receipt, stockholder is entitled to certificate under the corporate seal, signed by the president or vice-president, and by the treasurer or secretary or the assistants of either. § 15. No certificates are issued for fractional shares. § 17. A new certificate or treasurer's receipt may be issued if original has been lost or destroyed. Bond may be required. § 19.

Transfer of Stock. Transfers and pledges of stock must be made on the books of the corporation in such form as the by-laws may prescribe. §§ 20, 21.

8. Stockholders.

Rights and Powers. After approval of certificate of incorporation, and pending complete organization, the incorporators are vested with the corporate powers, and may take necessary steps to obtain subscriptions to stock. § 66. Stockholders may make amendments to the charter by two-thirds vote. § 74. One-tenth of the stockholders may obtain redress by petition to Court of Equity against wrongful act of directors, and may also compel meetings. §§ 23, 24, 26. They control the issuance of authorized stock. § 71. They are entitled to an annual report of the financial condition of the com-

pany, including a statement of stock or securities held by it in other corporations. § 10. Any stockholder may apply for mandamus to compel corporation to obey statutes. R. S., § 1022; *Corporation v. Whitlock*, 75 Conn., 669.

Liability. Stockholders are liable for unpaid subscriptions. § 15. They are jointly and severally liable for any reduction of stock voted by them which renders company insolvent, to the extent of the corporate debts existing at the time of the reduction. Stockholders not voting in favor of such reduction are not liable. § 6. Judgment and execution returned unsatisfied against corporation are prerequisite to recovery against stockholders. § 6.

Corporation has a lien on shares for debts and unpaid instalments and may sell such shares on twenty days' notice by mail, and advertising twice not less than one week prior to the date of sale. § 21.

Meetings. Must be held in the State. § 22.

Notice. Must be given personally or by mail at least five days before the meeting. § 22. Special meetings may be called by the president and may be compelled by one-tenth of the stock. § 23. Notice may be waived in writing by all the stockholders, in person or by attorney. Id.

Quorum. Not prescribed by law.

Voting. May be by proxy, but no proxy is valid for more than eleven months from its date, unless a longer period is expressly provided for therein. § 25; L. 1905, Ch. 171. Every share of stock is entitled to one vote, unless otherwise provided in the certificate of incorporation. § 25. Cumulative voting may be provided for in certificate of incorporation. § 64.

9. Directors.

Number. Must be three or more (§ 10), as fixed by by-laws. § 3. Change of number is not provided for, but may obviously be made by amending by-laws. §§ 3, 22. They may be classified, but if so, one or more classes must be elected each year, and no class may be elected for less than one year nor for more than five. § 10. Directors are named in the certificate of organization and in annual reports. §§ 37, 69.

Qualifications. They must be stockholders. § 10.

Powers. They may adopt additional by-laws, subject to those of the stockholders. They may fill vacancies on the board and may appoint an executive and other committees. § 10. Their judgment of value of property or services taken in payment of stock subscription is final. § 12. They vote all dividends and any distribution of assets. § 5.

Liability. For fraudulent overvaluation of property taken in payment for stock, they render themselves jointly and severally liable to the corporation for the difference between their valuation and the actual value. § 12. For payments of dividends or distribution of assets except from net profits or actual surplus, each voting director is liable to fine of not more than \$500. If such payment or distribution renders the corporation insolvent, the voting directors are jointly and severally liable for the corporate debts at the time of the vote.

Judgment and execution returned unsatisfied against corporation are prerequisite to recovery. § 5. For any purchase of the corporation's own stock, when it is insolvent, or which renders it insolvent, the directors assenting thereto render themselves liable for all the corporate debts existing at the time of the purchase. § 11.

Meetings. No statutory requirements as to place or notice. May be fixed by by-laws. § 10; *New Haven Trust Co. v. Dougherty*, 75 Conn. 555. A quorum is to be a majority unless the stockholders' by-laws provide for a less number. § 10.

Executive Committee. Expressly authorized. § 10.

10. Officers.

General. A president must be elected from among the directors. A treasurer and secretary are also prescribed, and such other officers as the by-laws direct. The same person may fill the office of president and treasurer, or of secretary and treasurer. § 70. They are named in the certificate of organization and in annual reports. §§ 37, 69.

Officers are liable to fines of \$100 for failure to file annual report (§ 37) and for refusing to give information from stock books when demanded by creditors. § 39. Failure to produce lists of stockholders at election renders them ineligible to office. § 18. And a general fine, not to exceed \$1,000, is prescribed for any violation of the act. § 45; *New Haven Trust Co. v. Dougherty*, 75 Conn. 555. (See § 9, "Directors.")

11. Principal Office.

Every corporation must be located in some town in the State. § 2. A home office must be designated in the certificate of incorporation. § 63. It may be changed by amendment. § 74. It is designated in the annual report, together with the name of an agent or person in charge thereof on whom process may be served. § 37.

12. Corporate Books.

What Required. A stock book is required, to contain the names and addresses of stockholders and the number of shares held. §§ 18, 20, 21. Secretary is required to record votes of stockholders and directors voting on dividends or reduction of stock, etc. §§ 5, 6.

Where Kept. The original or duplicate stock books must be kept at the principal office or place of business in the State. § 18.

Examination of. The books must at all times during usual business hours be open to examination by the stockholders (§ 18), and the person in charge of the books must furnish information therefrom on demand of creditors of stockholders. § 39. Financial statements must be rendered stockholders at least once each year. § 10.

13. Reports.

The president and treasurer must annually, on or before February 15th or August 15th, make, verify, file and record in the office of the Secretary of State, a certificate setting forth, as of January or July 1st next preceding: (1) The name, residence and post-office address of each of its officers and directors. (2) Amount of its outstanding capital stock which has not been paid for in full, with the amount due thereon. (3) Location of its principal office in this State, with street and number, if any, and the name of the agent or person in charge thereof on whom process may be served. A certified copy is also recorded in the office of the Town Clerk of the town in which the corporation is located. § 37. This report need not be made when the corporation is in the hands of a receiver. L. 1905, Ch. 267.

Publication is only required for notices of reduction of capital stock and for first meetings of stockholders. This last may be avoided by waiver.

14. Foreign Corporations.

How Authorized to Do Business. Every foreign corporation, except insurance and surety companies and building and loan associations, concerning which there are special laws, must before transacting business in the State, file in the office of the Secretary of State a certified copy of its charter or certificate of incorporation, together with a statement, signed and sworn by its president, treasurer and a majority of its directors, showing the amount of its authorized capital stock and amount thereof paid in; and if any part has been paid otherwise than in cash, the particulars of such payment. § 82. Fees on filing certified copy of its charter, \$10, and for filing the statement required, \$5. R. S. 1902, § 4811. The Secretary of State must be appointed its attorney on whom process may be served, by an acknowledged statement agreeing to such mode of service. § 83. They are subject to the same regulations and penalties as domestic corporations. §§ 81, 86, 88.

Penalties for Non-Compliance. Fine of not more than \$1,000 imposed on every officer or agent guilty of violation; and Attorney General is to institute proceedings restraining the corporation from further prosecution of business in the State. But its contracts are not invalidated. § 85.

Books. Same as of domestic corporations.

Reports. Annual report is required to be filed and recorded at the same time and in the same form as required of domestic corporations, except that agent need not be named. § 87. Certificates must be filed with Secretary of State of increase or decrease of stock the same as by domestic corporations. § 86.

Attachments Against. No special provisions.

15. Combinations and Monopolies.

Not provided against by special law.

DELAWARE.

1. Corporation Laws.*

Constitution. (1897.) All corporations must be formed under general laws, except municipal corporations, banks, or corporations for charitable, penal, reformatory or educational purposes, sustained in whole or in part by the State. Const., Art. IX, § 1. No corporation shall issue stock except for money paid, labor done, or personal property, or real estate or leases thereof actually acquired by such corporation; and neither labor nor property shall be received in payment of stock at a greater price than the actual value at the time such labor was done or property delivered or title acquired. Id., § 3. Foreign corporations must have an agent in the State upon whom process may be served. Id., § 5. In all elections for directors or managers of stock corporations each shareholder shall be entitled to one vote for each share of stock he may hold. Id., § 6.

Statutes. The General Corporation Law is found in the Laws of 1903, Ch. 394. Amendments are found in L. 1905, Chs. 154-156. Corporations may be organized under this law for any lawful business, or to promote or conduct any legitimate object or purpose except banking. § 1. Business corporations and corporations for constructing, maintaining and operating railroads, telegraph or telephone lines outside the State, may be organized and conducted under the general provisions of this law, but railroad, building and loan, steam, heat and power, electric, gas and water, and telegraph and telephone companies formed to operate within the State, are subject to special provisions and requirements. § 1.

Foreign corporations are subject to the provisions of Chapter 395 of the Laws of 1903. Banking corporations are formed by special enactment. The Franchise Tax Law is contained in L. 1901, Ch. 15.

2. Taxes and Fees.

Organization Expenses. To Secretary of State on filing certificate of incorporation, 15 cents for each \$1,000 of authorized capital, but in no case less than \$20. § 129.

To Secretary of State for filing and indexing certificate of incorporation, \$2. For certifying copy of same, according to length, usually \$4 to \$5.

To Recorder of Deeds for recording certificate of incorporation, according to length, usually \$4 to \$5.

* References, except where otherwise noted, are to the Laws of 1903, Ch. 394.

Franchise Tax. An annual franchise tax is imposed on business corporations as follows: One-twentieth of one per cent. on all amounts of capital actually paid in, up to and including the sum of \$3,000,000; on all capital stock issued and outstanding in excess of this amount and not exceeding \$5,000,000, one-fortieth of one per cent., and the further sum of \$30 per annum for every \$1,000,000 or any part thereof, issued and outstanding, in excess of \$5,000,000. Franchise Tax Law, § 4.

Manufacturing and mining corporations having at least 50 per centum of their issued and outstanding capital stock invested in business carried on within the State, are exempt from this franchise tax. If less than 50 per centum of the capital stock is so invested within the State, the assessed value of real and personal property within the State is deducted from the amount of the issued and outstanding capital stock before computation of the franchise tax. Id., § 4.

The franchise tax is based upon an annual report to be filed with the Secretary of State on or before the first day of January. (See "Reports.") If not paid on or before the first of May, a penalty is imposed of one per cent. per month until the amount is paid. It may be collected by an action at law when in arrears for one month and is a preferred claim in case of insolvency. Id., §§ 5, 6.

Telegraph, telephone, gas, electric and insurance corporations, and the like, are required to make special reports and are subject to varying rates of franchise taxation.

Local Taxation. Shares of stock or bonds of domestic corporations held by non-residents or foreign corporations are not taxed. § 16. Shares of stock held by residents are taxed on the basis of three-fourths of their market value. 21 Del. Laws, Ch. 25.

General. \$20 must be paid the Secretary of State on filing an amended certificate of incorporation, if not increasing authorized capital stock, and the same amount on filing a certificate of dissolution, change of name, decrease of capital stock, decrease of number of shares of stock, or of renewal of existence. On increase of capital stock, fee to Secretary of State is 15 cents for each \$1,000 of such increase, but in no case less than \$20. All other certificates, \$5. For receiving, filing and indexing any papers required to be filed, \$2. §§ 129, 133.

To Recorder of Deeds for filing amended certificate of incorporation, according to length, but usually about \$4.50.

3. Incorporation.

Incorporators. May be any number not less than three. No statutory requirements as to residence. § 1. Until the directors are elected the incorporators have direction of the affairs and organization of the corporation and may take all proper steps to secure subscriptions to stock and to perfect its organization. § 8.

Certificate of Incorporation. Must be signed and sealed by each of the original subscribers to the capital stock, and acknowledged by each of them before some officer authorized under the laws of Delaware to take acknowledgments of deeds. § 6. In practice the signatures of the incorporators are witnessed. This certificate must set forth (§ 5):

(1) Name of the corporation, which name shall contain one of the words, "association," "company," "corporation," "club," "incorporated," "society," "union" or "syndicate," and shall be such as to distinguish it from any other corporation engaged in the same business of promoting or carrying on the same objects or purposes in the State. The corporate name must be prominently displayed on the principal office or place of business under penalty of fine of not less than \$100 nor more than \$500. § 5.

(2) Name of the city or town, county, or place within the county in which its principal office or place of business is to be located in the State.

(3) Nature of the business, or objects, or purposes proposed to be transacted, promoted or carried on.

(4) Amount of the total authorized capital stock, which shall not be less than \$2,000; the number of shares into which the same is divided and the par value of each share; the amount of capital stock with which it will commence business, which shall not be less than \$1,000; and if there be more than one class of stock, a description of each class and a statement of the terms of its creation.

(5) Name and place of residence of each of the original subscribers to the capital stock.

(6) Whether or not the corporation is to have perpetual existence; if not, the time when its existence is to commence, and the time when its existence is to cease.

(7) Whether the private property of the stockholders shall be subject to payment of the corporate debts, and if so, to what extent.

(8) Any additional provisions not contrary to the laws of the State which the incorporators may choose to insert for the regulation and conduct of the business and the affairs of the corporation, and creating, defining, limiting and regulating the powers of the corporation, the directors and the stockholders or any classes of the stockholders.

If business is to be conducted, offices maintained and property held outside the State, such powers must be set forth in the certificate of incorporation. § 2. Power to make and alter by-laws may be conferred on the directors by charter provision. § 12. Also directors may be classified (§ 9), and be given power to fix amount to be reserved as working capital. § 34.

Filing and Recording. The duly executed certificate of incorporation and a copy thereof for certification are sent to the Secretary of State. The required fees (See "Organization Expenses" under § 2) must accompany same. If in proper form the Secretary files and records the original certificate in his office and returns the copy duly certified.

This certified copy must then be recorded in the office of the Recorder of Deeds of the county in which the principal office of the corporation within the State is located. § 6.

4. Organization.

First Meetings. The first meeting of stockholders may be held within or without the State, though the better practice is to meet within the State. § 30. The meeting may be called by notice signed by a majority of the incorporators and published three times in a local paper at least two weeks before the time of meeting or by two days' notice served personally on the incorporators; or, as is the general practice, it may be held without notice, on waiver and consent signed by all the incorporators. § 11. Notice of this meeting should specify the time, place and purposes. The waiver and consent specifies the time and place and usually includes a general consent to the special objects of the meeting and to the transaction of any other business relating to the affairs of the company. The incorporators may be represented at this meeting by proxies. The use of "dummy" incorporators and directors is common.

At this meeting by-laws should be adopted (See "By-Laws") and directors for the first year are elected. (See § 9, "Directors.") If stock is to be issued for property, a resolution is usually passed at this meeting, approving the exchange and authorizing the directors to effect the same. (See § 7, "Capital Stock.")

The first meeting of directors usually follows close upon the first meeting of stockholders. It can be called as prescribed in the by-laws for special meetings of the board, but is usually assembled by means of a waiver of notice signed by all the directors. At this meeting officers are elected for the first year (See § 10, "Officers") and, if stock is to be issued for property, or sold for cash, provision is made therefor by suitable resolution. (See § 7, "Capital Stock.") Such other steps as are necessary to perfect the organization of the corporation, as selection of bank, arrangements for office, provision for incorporating expenses, etc., are usually taken at this meeting.

By-Laws. May be adopted by the directors if the certificate of incorporation gives them that power. But the stockholders retain always the power to revise or repeal. § 12.

Besides the usual provisions, the by-laws should prescribe whether officers are to be elected by stockholders or directors, may provide for an executive committee (§ 9), for meetings of both stockholders and directors, and for maintenance of offices outside the State, if any such are to be maintained. § 32.

Election of Officers. Officers are elected either by the stockholders or directors as the by-laws may prescribe. The president must be a member of the board. One person may fill the office of both secretary and treasurer. The vice-president may also fill the position of secretary or treasurer but not both. § 10. (See § 10, "Officers.")

Certificates. None are required to show completed organization.

5. Corporate Existence.

When Commenced. On completion of filing and recording of certificate of incorporation and on payment of license tax. § 7. May be perpetual if so provided in the certificate of incorporation.

§ 5. Continues three years after expiration or dissolution for the purpose of closing corporate affairs. § 40.

Beginning Business. The corporate operations may be commenced forthwith and must be commenced in good faith within two years. § 67.

Renewal. Is accomplished by filing in the same manner as the original certificate of incorporation (§ 132), a certificate executed by the president and secretary, setting forth (§ 131): (1) Existing name of the corporation. (2) Name of the city, town or place within the county in which its principal office or place of business in the State is located. (3) Date when such renewal is to commence, which must be prior to the date of expiration of the first charter; whether or not the renewal is to be perpetual, or, if not perpetual, the time it is to continue. (4) That the corporation is duly organized and carrying on the business authorized by its existing charter. The Laws of 1905, Ch. 156, provide for renewal in similar manner, before January 1, 1906, of corporations which, through inadvertence, have failed to renew, as above, and expired since January 1, 1903.

Renewal fee is \$20. § 133. Corporations organized prior to 1897 must file with the Secretary of State an acceptance of the provisions of the State Constitution of that year before they may renew their corporate existence. Const., Art. IX, § 2.

Forfeiture of Charter. Is prescribed on failure to commence business or promote the corporate objects for two years after incorporation (§ 67), and also on failure to pay taxes for the same length of time (Franchise Tax Law, § 10), unless the time for such payment be formally extended by the Governor of the State. These provisions are made effective by proclamation issued by the Governor, declaring the charter repealed. Acting under a repealed charter is declared a misdemeanor, punishable by imprisonment or fine, not to exceed one year and \$1,000 respectively, or both. Id., § 13; Const., Art. IX, § 1.

Dissolution. May be effected by the incorporators before any part of the capital stock has been paid and before beginning business, by due certification of these facts and surrender of the corporate franchises. § 38.

Thereafter a corporation may be dissolved by unanimous written consent of the stockholders, without other formality than the filing of this consent in the office of the Secretary of State, and his issuance of a certificate of dissolution. § 39.

If this unanimous consent can not be secured, dissolution may be effected by resolution of a majority of the directors, properly published, formally consented to by two-thirds in interest of the stockholders and this consent duly certified to the Secretary of State, who, if the proceedings are in due form, issues a certificate that such consent has been filed. This certificate must also be duly published, and, upon verification thereof to the Secretary of State, the corporation is dissolved. § 39.

Provisions for receivers and adjustment of debts, etc., are contained in §§ 40-58.

6. Corporate Powers.

General. The general powers conferred by the statute are broad. §§ 2, 3. Banking powers are prohibited. § 4.

To Hold Property. This power is granted without limitation. § 2, par. 4.

Its Own Stock. Authority for this is indirectly given in §§ 19, 28 and 36. The corporation may take shares by forfeiture for non-payment of assessments. § 22. Shares of stock of the corporation belonging to the corporation shall not be voted upon directly or indirectly (§ 19), and officers are forbidden to loan funds of a corporation to a stockholder on security of its own stock. § 36.

Stock of Other Corporations. This power is expressly and broadly conferred. § 135.

To Borrow Money. There are no restrictions on this power. § 2, par. 4. The capital stock must not be decreased in any manner to an amount less than the unsecured debts. §§ 27, 28. Bondholders may be given same rights as stockholders. § 29.

To Do Business in Other States. This power is fully granted but must be stated in the certificate of incorporation among the corporate objects. § 2, par. 8; § 32.

Consolidation or Merger. Is fully provided for. §§ 59-64. Such consolidated corporation may be either one of the consolidated corporations or a new corporation. Fee to Secretary of State, 15 cents on each \$1,000 of capital stock beyond the total authorized capital of the consolidated corporations, but in no case less than \$20. § 129. Stockholders of corporations who have made written objection to consolidation thereof may, within twenty days after an agreement of consolidation has been filed, make written demand for payment for their stock and the corporation shall within three months thereafter pay them the value of their stock at the time of consolidation; value of stock to be determined if necessary by arbitration. § 61. Consolidation of telegraph and telephone companies to form continuous lines is specifically provided for. § 105; amendment of L. 1905, Ch. 155.

Amendment of Charter. Before payment of any part of the capital stock, the certificate of incorporation may be modified, changed or altered in whole or in part, by an amended certificate, duly signed and acknowledged by the original incorporators and filed and recorded as was the original instrument. § 25.

After payment of any part of the capital stock, the certificate of incorporation may be amended from time to time, when and as desired, either by addition to its corporate powers and purposes, or diminution thereof; or by substitution of other powers and purposes, in whole or in part; or by increasing or decreasing its authorized capital stock (See "Capital Stock"); or by changing the number and par value of its shares; or by change of its name; by a majority vote of its stock, or each class thereof, cast at a meeting duly called for that purpose. Such meeting must be held in pursuance of a resolution of the directors, be duly notified to the stockholders, and the

vote be supervised by two judges, who, if the amendment is passed, certify thereto in duplicate. A certificate is then made by the corporation, under its corporate seal and the hands of its president and treasurer, setting forth the facts. This is acknowledged by the president, the certificate of the judges is attached, and the instrument is then filed and recorded as was the original certificate of incorporation. § 26.

7. Capital Stock.

Amount. Must not be less than \$2,000. § 5. No maximum limit.

Initial Payment. At least \$1,000 must have been subscribed for before the corporation commences business (§ 5); but there is no provision as to time of payment or requirement that such subscription be paid in cash. § 14. On written request of any creditor or stockholder, the officers must file with the Secretary of State a certificate showing the amounts paid in cash or property and the total amount of capital stock issued. § 23.

Consideration for Issue. May be cash, labor done, personal property, or real property or leases thereof, and stock so issued shall be declared and taken to be full paid stock and not liable to any further calls. In the absence of actual fraud in the transaction the judgment of the directors as to the value of such labor, property, real estate or leases shall be conclusive. § 14 as amended by L. 1905, Ch. 155. But the Constitution, Art. IX, § 3, provides that "Neither labor nor property shall be received in payment of stock at a greater price than the actual value at the time such labor was done or property delivered or title acquired." The conflict possible under these provisions between the statutes and the Constitution has not been adjudicated.

Assessments may be made by the directors in their discretion for any amount up to the unpaid balance on shares, on thirty days' notice by publication or mailing. § 21. On non-payment they may sue, or proceed to sell the stock at public auction, on three weeks' publication and twenty days' mailed notice. § 22.

Increase or Decrease. Of authorized capital stock is accomplished in the same manner as other charter amendments, but no corporation may decrease its authorized capital stock without paying or adequately securing its debts. § 26.

Increase—or issue—of capital stock up to the full amount fixed by charter may be authorized without special formalities at any corporate meeting. § 27. Decrease of issued capital stock—without change of authorized capital stock—may be effected by the vote, or written consent, of two-thirds in interest of the stockholders. Detailed formalities of notice, filing and recording of certificate and publication of same are prescribed. § 28. Such reduction may be carried into effect by retiring or reducing any class of the stock, or by drawing the necessary number of shares by lot for retirement, or by decreasing the number of shares of each shareholder, or by the purchase at not above par of certain shares for retirement, or by retiring shares owned by the corporation, or by reducing the par value of shares. § 28. No such reduction shall be made until the corporate debts are fully secured or have been paid and discharged.

Stockholders are not relieved from liability on partly paid stock, or for corporate debts existing at that time, by any such reduction of capital. § 28.

Classes of Stock. "Every corporation shall have power to create two or more kinds of stock of such classes, with such designations, preferences and voting powers, or restriction or qualification thereof, as shall be stated and expressed in the certificate of incorporation." § 13. But the Constitution, Art. IX, § 6, provides that every stockholder shall have one vote for each share of stock owned. All or any classes of stock may be increased or decreased. At no time shall the total amount of preferred stock exceed two-thirds of the actual capital paid in, in cash or property. Preferred stock may be made subject to redemption at a fixed time and price, not below par; may be given a fixed dividend, not exceeding 8 per cent., and such dividend may be made cumulative, but all this, as well as the creation of preferred stock, may only be done by proper charter provision. Holders of preferred stock shall not be personally liable for debts of the corporation. In case of insolvency the corporate debts and other liabilities shall be paid in preference to the preferred stock. §§ 5, 13.

Par Value of Shares. Not restricted in any way.

Stock Certificates. Every stockholder shall have a certificate under the corporate seal, signed by the president and treasurer and certifying the number of shares owned by him in the corporation. § 15.

Transfer of Stock. Is to be made on the books of the company in the manner prescribed by the by-laws. § 16. Transfers made for collateral security shall be so expressed in the entry of the transfer. § 16; *Wilmington, etc. Co. v. Buch*, Harr. 44; *Allen v. Stewart*, 7 Del., Ch. 287; 44 Atl. 786. No stock can be voted which has been transferred on the books of the company within twenty days before the election. § 29.

8. Stockholders.

Rights and Powers. In all elections for directors or managers of stock corporations, each shareholder shall be entitled to one vote for each share of stock he may hold. Const., Art. IX, § 6. At every meeting of stockholders each stockholder, whether resident or non-resident, shall, unless otherwise provided in the charter or by-laws, be entitled to one vote in person or by proxy for each share of capital stock held by him. L. 1903, Ch. 394, § 17. These conflicting provisions have not as yet been adjudicated. Stockholders alone have power to make by-laws unless that power is conferred upon the directors by charter provision. By-laws made by the directors under such authorization may always be altered or repealed by the stockholders. § 12. Amendments to charter, decrease of issued stock, merger or consolidation and dissolution all require the concurrence of the stockholders. §§ 25-28, 38, 39, 59-64. They have full right to examine the stock books during usual business hours. § 29. Any stockholder may demand a certificate of amounts paid on capital stock and amount of stock issued. § 23. Any stockholder may compel election of directors through chancellor. § 31.

Liability. Each stockholder is liable for the corporate debts to the extent of the unpaid balance on his stock (§ 20), but it is recoverable against him only after execution against the corporation has been returned unsatisfied. § 51. And such stockholder has a right of action against the corporation. § 50. This liability is not affected as to existing debts by any reduction of capital stock. § 28. They are also liable for improper reduction or distribution of capital stock, to the amount received thereof by each respectively. § 28. Stockholders' liabilities may be extended, if so desired, by certificate of incorporation. § 5.

Meetings. May be held without the State if so provided by the by-laws, otherwise the meetings of the stockholders must be held at the principal office of the corporation within the State. § 32. The place of holding elections must not be changed within 60 days of an election, and may not be changed at any time except with notice to each stockholder by mail at least 20 days before the election. § 30.

Notice. Of meetings or any other required notice may be waived in writing, signed before or after the time specified therein. § 138.

Quorum. Number necessary not prescribed by statute. Should be fixed by the by-laws.

Voting. Voting at elections is by ballot (§ 30), and each share has one vote (Const., Art. IX, § 6), unless otherwise provided by charter or by-laws. L. 1903, Ch. 394, § 17. Voting may be by proxy, but no proxy is valid after three years from its date. § 17. No share is entitled to a vote which has been transferred on the books of the company within twenty days next preceding an election. §§ 17, 29. Trustees may vote stock. § 18. Pledgee may vote stock only when expressly empowered thereto by the pledgor. § 18. Shares belonging to corporation can not be voted directly or indirectly. § 19. Alphabetical list of stockholders entitled to vote at any election shall be made two days before such elections and shall be open to the inspection of any stockholder (§ 29), but the stock ledger shall decide who is entitled to vote in person or by proxy at any such election. The voting power and other rights of stockholders may be conferred upon bondholders by suitable charter provisions. § 29. (See "Rights and Powers" preceding.)

9. Directors.

General. The directors, if so stated in the charter or any amendment thereto, or so determined by vote of the stockholders, may be divided into one, two or three classes, the term of the first class expiring at the annual meeting next ensuing; of the second class one year thereafter and the third class two years thereafter, each class being elected on the expiration of these prescribed terms for its full term. § 9. There are no statutory provisions for removal of directors.

Number. The board may consist of any number not less than three. § 9. The number is fixed by the certificate of incorporation and may only be changed by amendment thereof.

Qualifications. Each director must own at least three shares of stock in his own right, and at least one director must be a resident of the State. § 9.

Powers. The board is the managing body of the corporation (§ 9), and has extensive powers. *Hutchinson v. Co.*, 104 Fed. 182. Additional powers may be delegated the board as desired, save as to amendments of the charter and ultimate power over the by-laws. Directors hold office until the election and qualification of their respective successors. § 9. They have power to fill vacancies on the board. §§ 9, 30. They may designate two or more of their members to constitute an executive committee. § 9. They remain trustees after dissolution or expiration. § 41.

Liability. For failure to publish certificate of reduction of capital stock, directors render themselves personally liable for the corporate debts contracted during such default. § 28. For false statements of the condition or business of the corporation they are jointly and severally liable for any loss or damage resulting therefrom. § 37. For improper payments of dividends or distribution of capital stock, they are jointly and severally liable to the full amount of such payment or division. § 35. A director absent or dissenting from any such action must enter and publish his dissent to avoid liability. § 35. Directors are liable for loans made to officers of the corporation or made to stockholders upon the security of its stock. § 36. Directors neglecting or failing to have alphabetical list of stockholders produced at elections—as required by § 29—are ineligible to any office at such election. § 29.

Meetings. May be held without the State if the by-laws so provide. § 32. No statutory requirements as to notice. Quorum requires a majority of the directors. § 9.

Executive Committee. The directors may designate two or more of their number to constitute an executive committee, which, to the extent provided in the creating resolution or in the by-laws of the company, shall have and exercise the powers of the board in the management of the business and affairs of the company. § 9.

10. Officers.

General. The prescribed officers are a president, who must be a director, a secretary and a treasurer. These two latter positions may be filled by the same person, or if there be a vice-president he may also hold the office of secretary or treasurer, but not the three offices together. Officers may be elected by the directors or the stockholders as the by-laws may direct, and hold office until their successors are chosen and qualified. Vacancies among the prescribed officers shall be filled in the manner provided for in the by-laws, or in the absence of by-law provisions, by the board of directors. The treasurer may be required to give bond. The secretary must be sworn to the faithful discharge of his duty, and shall record all the proceedings of the meetings of the corporation and directors in a book to be kept for that purpose. § 10.

Liability. The officers are jointly and severally liable on neglect or refusal, thirty days after written demand therefor, to file certificate of capital stock issued and payments on same, as required by § 23, this liability extending to all debts contracted after the making

of such payments and before the filing of such certificate. § 24. For any loan to an officer of the corporation, or for any loan to a stockholder on security of the stock of the company, the officer or officers who make it or assent thereto shall be jointly and severally liable until the payment of the sum so loaned with interest. § 36. Officers are jointly and severally, individually liable for any loss or damage resulting from written statements as to the condition or business of the corporation that are false in any material respect. § 37.

11. Principal Office.

Every corporation must maintain a principal office or place of business in the State and have an agent, a resident of the State, in charge thereof. § 32. The name of the corporation must be conspicuously displayed on its principal office or place or places of business. Failure to do so subjects corporation to fine of from \$100 to \$500. § 33.

Location of principal office within the State may be changed by resolution of the board. If office is removed from the city, town or county where first located to some other point in the State, this resolution must be duly evidenced and filed and recorded as was the certificate of incorporation. § 137.

12. Corporate Books.

What Required. A stock ledger must be kept, containing the names and addresses of stockholders and the number of shares held by each and shall be evidence as to who are stockholders. § 29. Minute book must be kept in which shall be recorded the proceedings of both stockholders' and directors' meetings. § 10. No other books required by statute.

The original or duplicate stock ledger must be kept at the principal office or place of business of the company in the State and is to be open to the examination of every stockholder during the usual hours of business. § 29.

13. Reports.

On or before January 1st of each year every business corporation shall file an annual report with the Secretary of State, showing the location of its principal office in the State, the names of its officers, the amount of its authorized capital, the amount actually paid in, the amount invested in real estate, the tax annually thereon and the amount invested in manufacturing or mining in the State, or both. Franchise Tax Law, § 2. Railroad, telephone, telegraph, gas and electric and other companies have additional statements.

On request of a creditor or stockholder, the president and secretary or treasurer must file in office of the Secretary of State a certificate stating the installments on stock paid in, in cash or by purchase of property, and also the total amount of capital stock issued. § 23. For failure to do so within 30 days after written request, they are jointly and severally liable for all corporate debts contracted after payments and until such filing. § 24.

14. Foreign Corporations.

How Authorized to Do Business. It shall not be lawful for any corporation created by the laws of any other state or of the United States, to do any business in the State until it shall have filed in the office of the Secretary of State a certified copy of its charter, and the name or names of its authorized agent or agents in the State on whom process may be served (Const., Art. IX, § 5), together with a sworn statement of the assets and liabilities of the company, and shall have paid to the Secretary of State, \$50; and said certificate shall be *prima facie* evidence of the company's right to do business in the State. Upon payment of the usual fee for certified copies, the Secretary of State issues certificate of such filing to the agent or agents of the corporation, and also issues a certificate to the prothonotary of the Superior Court of each county of the State, such certificate containing the name of the agent or agents of the corporation and the state wherein incorporated. L. 1903, Ch. 395, §§ 1-3. Fees to prothonotaries, \$1 each, collected for their account by Secretary of State. Banking powers are prohibited. L. 1903, Ch. 395, § 7.

Foreign insurance companies are subject to the provisions of the Laws of 1901, Ch. 99 and the Laws of 1905, Chs. 71-75.

Penalties for Non-Compliance. Non-compliance is made a misdemeanor, and upon conviction the guilty corporation is fined \$200 to \$500 for each and every offence. L. 1903, Ch. 395, § 6. Any agent of a foreign corporation transacting business before compliance with act may be fined not less than \$100 nor more than \$500 for each offence. Id.

Taxation. There is a retaliatory tax provision in § 9 of the Franchise Tax Law, by which any foreign corporation doing business in Delaware is subjected to any other or greater taxes, fines, penalties, licenses, fees or other obligations than those of Delaware, imposed by its home state on foreign corporations.

Books, Reports. No provisions.

Attachments Against. Lies on ground of being foreign corporations.

15. Combinations and Monopolies.

No provisions.

DISTRICT OF COLUMBIA.

1. Corporation Laws.*

31 United States Statutes at Large (1902), Ch. 854 (p. 1189), contains the Code of The District of Columbia, and Chapter 18 (p. 1280) of this Code provides for corporations. Subchapter 4 relates to manufacturing, agricultural, mining, mechanical, insurance, mercantile, transportation, market and savings bank corporations, and Subchapters 13 and 14 affect corporations generally. The remaining subchapters provide for educational, religious, benevolent insurance, building, street railway, trust and loan, etc., corporations. Radical amendments are found in the Act of Congress, approved February 4th, 1905 (33 U. S. Stat. at L., p. 689), providing for increased organization tax and imposing stringent regulations as to subscriptions to capital stock and initial payment.

Under Subchapter 4, companies may be formed for the purpose of carrying on any enterprise or business which may be lawfully conducted by an individual, excepting banks of circulation or discount, railroads and such other enterprises as are specially provided for by Subchapters 5-12. § 605.

2. Taxes and Fees.

Organization Expenses. Organization tax to be paid to Recorder of Deeds at the time of filing the certificate of incorporation: 40 cents on each thousand dollars of the amount of the capital stock as set forth in the certificate; minimum fee, \$25. 33 U. S. Stat. at L., p. 689. For filing, recording and indexing, and for certified copies, 50 cents for first 200 words or less, and 15 cents for each additional 100 words. For each certificate and seal, 25 cents. 31 U. S. Stat. at L., p. 1276.

Franchise Tax. Business corporations which receive no special franchise or privilege are exempt from franchise tax, and are to be taxed the same as individuals. Banks, gas and electric companies, street railways, hotel companies, building associations, guaranty and fidelity companies are taxed at various rates. 32 U. S. Stat. at L., p. 619, amended by 33 U. S. Stat. at L., p. 564.

Local Taxation. As for individuals.

General. On increase of capital stock same fees are charged as on original incorporation.

* Sections given, unless otherwise noted, are of Ch. 854, 31 U. S. Stat. at L. (1902).

3. Incorporation.

Incorporators. Must be three or more persons. § 605. The only statutory restriction is that not more than fifty per cent. of the stock may be owned by aliens. § 397, amended by 32 U. S. Stat. at L., p. 530.

Certificate of Incorporation. Must be signed and acknowledged by all the incorporators, and must state (§ 606):

(1) Name of company and object for which it is formed. No restrictions as to name. Name may not be changed save by re-incorporation with full original fees. Only one specific business or enterprise is permitted to be inserted.

(2) Term of existence, which may be perpetual.

(3) Amount of capital stock and the number of shares of which it shall consist.

(4) Number of trustees who shall manage the concern for the first year, and their names. These trustees must be selected from the incorporators. § 608.

(5) Name of the place in the District in which the operations are to be carried on.

Filing and Recording. This certificate is filed in the office of the Recorder of Deeds. § 605. This officer must not file or record same until it is proved to his satisfaction that all the capital stock has been subscribed for in good faith, and that at least ten per cent. thereof has been paid for in cash and that said amount is in the possession of the first board of trustees named in the certificate of incorporation. 33 U. S. Statutes at Large, p. 689. A statement to this effect must be sworn to by the incorporators or trustees, and a certificate must be made by the proper officer of some reputable banking or trust company that such sum is in cash on deposit to the credit of the trustees, this statement and certificate to be filed with the Recorder of Deeds. Id.

4. Organization.

First Meetings. The first meeting of incorporators must be held within the District. As the by-laws may be adopted and officers elected by the trustees (§ 612), who are designated by the certificate of incorporation, a preliminary meeting of the incorporators is not necessary. § 607.

As a majority of the trustees must be residents, their meetings are usually necessarily held in the District. At the first meeting by-laws are adopted and officers elected.

By-Laws. Are adopted by the trustees (§ 612) with the usual provisions. Walker v. Johnson, 17 App. Cas. D. C. 144.

Certificates. None required to show completed organization.

5. Corporate Existence.

When Commenced. On filing of certificate and payment of fee. It may be perpetual. § 606.

Beginning Business. May not be commenced until ten per cent. of the capital stock has been actually paid in (§ 613) in cash, nor until the full amount of the capital stock has been subscribed in good faith. 33 U. S. Stat. at L., p. 689.

Renewal. Is not provided for, the Code contemplating perpetual existence.

Forfeiture of Charter. Not provided for by the Code. But injunction lies on application of District Attorney at the suit of the United States for any usurpation of power or violation of the laws under which corporations are created. § 793.

Dissolution. Is provided for by Subch. 14 of the Code; in case of insolvency or otherwise, by petition to the Supreme Court of the District of a majority of the trustees or one-third of the stockholders. § 768. Where there are no unpaid debts the corporation may also be dissolved if so decided by a majority vote of the stockholders at a meeting held in pursuance of due notice published in some newspaper of general circulation (§ 781), in which case the last trustees remain in charge of and liquidate the corporation. §§ 769-797.

6. Corporate Powers.

General. The ordinary powers are enumerated. § 607.

To Hold Property. This power is limited to such property as is necessary to carry on the operations permitted by the company's charter. § 607.

Its Own Stock. No loan of money shall be made by any company on the security in whole or in part of its own stock (§ 621), but a company may forfeit stock on non-payment of instalments. § 613.

Stock of Other Corporations. It is not lawful for a company to use any of its funds in the purchase of stock in another corporation. § 620.

To Borrow Money. Money may be borrowed on mortgage or lien on real estate, only when authorized by vote of the stockholders. § 607. Debts or liabilities must not at any time exceed the amount of the capital stock. § 634.

To Do Business in Other States. No provisions.

Consolidation or Merger. Is only permitted by special acts of Congress. *Traction Co. v. Offutt*, 17 App. Cas. D. C. 292, 306.

Amendment of Charter. Is provided for only to increase or diminish stock and to extend or change the corporate business. §§ 633-639. Name may be changed only by re-incorporation.

Change of capital stock or change of business may be effected by a two-thirds vote of the stock (§ 639) at a meeting called by notice, signed by a majority of the trustees and specifying the object of the meeting, such notice to be published in a newspaper in the District of Columbia at least three successive weeks, and a copy to be mailed to each stockholder at least three weeks before the meeting. § 635. Two-thirds of all the stock is a quorum for such meeting. § 636.

A certificate of the proceedings showing compliance with the laws, the amount of capital actually paid in, the whole amount of debts and liabilities of the company, and the amount to which the capital shall be increased or diminished, or the business to which it is extended or changed, is made out, signed and verified by the chairman and countersigned by the secretary, and filed with the Recorder of Deeds as was the original certificate. §§ 637, 638.

7. Capital Stock.

Amount. No limitations.

Initial Payment. Ten per cent. must be paid in cash before certificate can be filed (§ 613); and the full amount must be subscribed for before the corporate operations may begin. 33 U. S. Stat. at L., p. 689.

Consideration for Issue. Must be money or property at its actual value. § 613.

Ten per cent. must be paid on the entire capital stock at the time of incorporation, and the residue may be called for by the trustees at such times and in such instalments as they deem proper, and the shares are forfeited with all previous payments, if payment is not made within sixty days after demand, or after notice of assessment has been published for six successive weeks in the District. § 613. Within thirty days after last payment has been made upon the stock of the company, the president and a majority of the trustees must make and verify a certificate stating the amount of capital fixed and paid in. This certificate is recorded with the Recorder of Deeds of the District. § 616.

Increase or Decrease. (See under § 6, "Amendment of Charter.") Before stock may be diminished the corporate debts and liabilities must be satisfied or reduced so as not to exceed such diminished capital. § 634.

Classes of Stock. Par Value of Shares. Not prescribed.

Stock Certificates. No special provisions. § 614.

Transfer of Stock. Is to be provided for by the by-laws (§ 614), but no shares shall be transferable until all previous calls thereon shall have been fully paid in or the shares shall have been declared forfeited for non-payment. §§ 613, 614. Transfers must be entered on the stock books. §§ 627, 629.

8. Stockholders.

Rights and Powers. The stockholders control the increase and

decrease of stock, and extension and change of business by two-thirds vote (§§ 633-639); also dissolution. § 781. They have full right to examine stock book during usual business hours, and to make extracts therefrom. § 628.

Liability. Stockholders are severally and individually liable to the extent of the unpaid amount on the stock held by them respectively. §§ 615, 616.

Meetings. Stockholders' meeting must be held within the District. §§ 606, 609. Election must be held annually. § 608.

Notice. Of all regular meetings for election of trustees must be published thirty days prior thereto in a newspaper in the District. § 609.

Quorum. At stockholders' meetings is not prescribed, except for meetings to increase stock, etc., where two-thirds of the outstanding stock must be present in person or by proxy. § 636.

Voting. Must be by ballot; the greatest number of votes elects. Each share has one vote. § 609; Walker v. Johnson, 17 App. Cas. D. C. 144.

Proxies. Voting may be by proxy. §§ 609, 636.

9. Trustees.

Number. The board must consist of not less than three nor more than fifteen members. § 608. No provision for change of number.

Qualifications. A majority of the trustees must be citizens of the District and all must be stockholders. § 608.

Powers. The trustees alone make the by-laws. § 612. They alone call in subscriptions to stock. § 613. They may fill vacancies in the board for remainder of the year. § 609.

Liability. For declaring and paying any dividend which would render the company insolvent or diminish the capital stock, the trustees are jointly and severally liable for all the corporate debts then existing or contracted while they remain in office. § 622. Trustees objecting to such dividend, and filing a written objection with the secretary of the company and with the Recorder of Deeds of the District before payment of the same, are exonerated. § 623.

Meetings. Are to be provided for by by-laws, the statutes being silent on the subject.

Executive Committee. No specific provision.

10. Officers.

General. A president is prescribed, who must be a trustee, and such subordinate officers with such duties as the by-laws may provide. §§ 611, 612. These officers may be required to give security. § 611.

All officers signing any false certificate, report or public notice, knowing the same to be false, are jointly and severally liable for

corporate debts and contracts while they are stockholders or officers. § 619. If any loan be made by the corporation on security of its own stock, the officers are responsible to the corporation therefor. § 621. For failure to file annual report they are liable to mandamus proceedings with payment of costs, expenses and counsel fees. § 618. For neglect to make proper entry in stock book, or refusal to exhibit same, the officers are deemed guilty of a misdemeanor, and the company is liable to fine of \$50 for every offence, and for all damages resulting; and for neglect to keep such stock book open for inspection the company forfeits to the United States \$50 for each day such neglect continues; this penalty recoverable by suit in the Supreme Court of the District. §§ 631, 632.

11. Principal Office.

One must be maintained in the District, the location of which must be designated in the certificate of incorporation. § 606.

12. Corporate Books.

What Required. A stock book is prescribed, to show, alphabetically arranged, all stockholders for six years past, with their places of residence, number of shares owned, time when they became owners of such shares, and the amount actually paid thereon. § 627.

Where Kept. The stock book must be kept at the office or principal place of business in the District. § 628.

Examination of. The stock book must be open during the usual business hours for inspection of stockholders and creditors, and their personal representatives, who have the right to make extracts therefrom. § 628.

13. Reports.

Every company must annually within twenty days from January 1st, make a report, which shall be published in a newspaper in the District, stating the amount of its capital and the proportion actually paid in and the amount of existing debts; which report must be signed by the president and a majority of the trustees, be verified by the oath of the president or secretary and be filed with the Recorder of Deeds. § 617.

Failure to file such report renders the corporation and its officers liable to mandamus proceedings by creditors or any interested person, to compel such filing, with payment of costs, expenses and counsel fees. § 618.

14. Foreign Corporations.

Provisions exist regulating insurance, banking, building and loan and certain membership corporations doing business in the District (27 U. S. Stat. at L., 325), but none as to general corporations. Injunction lies against any foreign corporation transacting business in

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the District without complying with the provisions above referred to, or transacting in the District any business not allowed by its charter. § 793. Service of process is provided for on any agent conducting its business. Id., § 1537. Attachment lies against them on the ground of being a foreign corporation. § 445.

15. Combinations and Monopolies.

Are forbidden. The Sherman Act (26 U. S. Stat. at L., Ch. 647, p. 209) applies specially to District of Columbia.

FLORIDA.

1 Corporation Laws.*

Constitution. (1887.) The legislature shall provide by general laws for incorporating educational, agricultural, mechanical, mining and other useful companies. Art. III, § 25. Public aid to or interest in corporations prohibited. Art. IX, § 10. By amendment of 1904, the legislature may permit municipalities to relieve manufacturing enterprises from taxation for a period not to exceed fifteen years. L. 1903, p. 639.

Statutes. The general corporation law is found in the Revised Statutes of 1892, 4th Div., Title III. Important amendments are found in L. 1901, Chs. 4895, 4896; L. 1903, Ch. 5219. §§ 2119-2164 of the Revised Statutes treat of business corporations generally, while banks, building and loan, insurance, surety, railway, canal and telegraph companies are subject to the provisions of §§ 2165-2306.

Under the general provisions, corporations may be formed for the transaction of any lawful business of a public or private nature, including all works of internal improvement. § 2122.

2. Taxes and Fees.

Organization Expenses. Charter fee, payable to Secretary of State for State Treasury, \$2 on each \$1,000 of capital stock; minimum fee, \$5; maximum, \$250. § 2125; L. 1893, p. 98.

To Secretary of State: For filing charter, etc., \$1; for certificate and seal, \$1; for copies and recording, 20 cents for the first 100 words, and 10 cents for every succeeding 100 words. § 80. Recording fee to Clerk of Circuit Court, 25 cents for first 100 words and 10 cents for each succeeding 100 words. § 1394. Expenses incident to publication of charter are also incurred. (See "Filing and Recording" under § 3.)

Franchise Tax. None imposed.

Local Taxation. Shares of corporations taxed on their property in the State are not taxed against the shareholders. L. 1895, Ch. 4322, § 8.

General. On increase of capital stock, same fees on the increase as on original capitalization. § 2125; L. 1893, p. 98. Fees for publication, filing and recording of amendments, etc., are practically the same as on original incorporation.

* Unless otherwise noted, sections given are of Revised Statutes of 1892.

3. Incorporation.

Incorporators. Must be three or more persons. § 2122. No requirements as to residence.

Charter. Must be signed and acknowledged by each of the incorporators (§ 2123, amended L. 1901, Ch. 4895), and must set forth (Id.):

(1) Name of the corporation and place or places of business. No two corporations shall have the same name. § 2151.

(2) General nature of the business or businesses to be transacted.

(3) Amount of the capital stock authorized, number and par value of the shares into which it is divided, and terms and conditions on which it is to be paid in.

(4) Term for which the corporation is to exist. May be perpetual. § 2121.

(5) By what officers the business or businesses of the company is to be conducted, the times at which they will be elected, and the names of the officers who are to conduct the business or businesses until those elected at the first election shall be qualified.

(6) Highest amount of corporate indebtedness or liability which may be incurred.

(7) Names and residences of the subscribers, and the amount of stock subscribed for by each.

Filing and Recording. This charter is filed in the office of the Secretary of State, and is also published, together with a notice of intention to apply for so-called letters patent thereon, in a newspaper in the county in which the place of business will be located, for four successive weeks, once each week. The notice of intention must be signed by at least three of the incorporators. § 2124. After this publication the charter is presented to the Governor with proof of publication, and, after due examination and approval of the same, the original charter is recorded in the office of the Secretary of State and letters patent issued to the corporation from the same office, with certified copy of the charter under the Great Seal attached. These are thereupon recorded in the office of the Clerk of the Circuit Court of the county wherein the principal place of business is located. Duplicate affidavits by the treasurer, that ten per cent. of its capital stock has been subscribed and paid, must be filed with the Secretary of State and with the Clerk. §§ 2124-2127.

4. Organization.

First Meetings. The statutes being silent on the subject, the first meeting of stockholders must be held within the State. *Duke v. Taylor*, 37 Fla. 64. The statutes contain no requirements as to these first meetings. The first officers are named in the charter. § 2123.

By-Laws. Are to be adopted at the first annual meeting, or at any special meeting called for that purpose by the stockholders, unless charter provides otherwise, and shall prescribe the time and place of meetings of the corporation, the powers and duties of its officers, and may contain penalties for non-compliance, not exceeding \$25. § 2137.

Certificates. None required to show completed organization.

5. Corporate Existence.

When Commenced. On issuance by Secretary of State of letters patent and certified copy of charter. § 2125. These documents are conclusive evidence of corporate existence in all action where it is only collaterally involved; *prima facie* evidence in all other actions. § 2126. It may be perpetual. § 2121. It continues three years after dissolution to settle affairs. § 2155; *Howe v. Robinson*, 20 Fla. 352.

Beginning Business. May not be commenced until charter fee has been paid, letters patent and certified copy of charter have been recorded, and duplicate affidavits of the treasurer showing payment of ten per cent. of the capital have been filed, all as required by the law. § 2127.

Renewal. No specific provision, but may undoubtedly be effected by charter amendment.

Forfeiture of Charter. Diversion by a corporation of its funds or property to objects or purposes other than those named in the charter, or the payment of dividends, leaving insufficient funds to meet outstanding liabilities, shall work a forfeiture of its charter and of all powers and privileges conferred. § 2162.

Dissolution. May be had by petition of a majority of the stockholders to the circuit court. § 2154. The president and directors remain in possession of assets as trustees. But a receiver may be appointed for cause shown, and after a forced dissolution a petition for voluntary dissolution will not be heard. § 2157.

6. Corporate Powers.

General. The ordinary powers are enumerated and on these there are few restrictions. § 2121.

To Hold Property. This is permitted to the extent of the purposes of the corporation and such as may be taken in payment of or as security for debts. § 2121, subdiv. 4.

Its Own Stock. Stock of Other Corporations. No provisions.

To Borrow Money. The highest indebtedness to which the corporation shall at any time subject itself is to be stated in charter. § 2123. And its capital stock must not be reduced to the impairment of its ability to meet its outstanding debts. § 2149. The power is broadened and defined by L. 1903, Ch. 5219.

To Do Business in Other States. No provisions.

Consolidation or Merger. Is not provided for business corporations.

Amendment of Charter. Resolution therefor must be adopted by a vote of three-fourths of all the outstanding stock, at a meeting held for that purpose on notice as prescribed for meetings to increase capital stock. (See "Increase or Decrease," under § 7.) After such adoption, notice of intention to apply to the Governor therefor, setting forth the desired amendment, is published once each week for four weeks, having on file in the meanwhile in the office of the Secretary of State a certificate of the amendment under the common seal. This certificate with proof of publication of notice is submitted to the Governor for his approval, whereupon letters patent issue reciting the amendment, which are recorded as was the original charter. § 2150. But change of name may be effected by resolution adopted by majority vote at any general stockholders' meeting, certificate of such resolution under the common seal to be filed with the Secretary of State, whereupon letters patent issue reciting the change, and are recorded as in the case of other amendments. § 2151.

7. Capital Stock.

Amount. No limitations.

Initial Payment. Ten per cent. of the authorized capital stock. §§ 2123, 2127, as amended by L. 1901, Ch. 4895.

Consideration for Issue. Must be lawful money of the United States unless the charter states that all or part may be paid in property, labor or services, at a just valuation to be fixed by the incorporators, or by the directors at a meeting called for that purpose. § 2128, as amended by L. 1901, Ch. 4896. The terms and conditions on which the capital is to be paid in are to be prescribed by charter. § 2123. The directors are to make calls according to the by-laws or charter, and may forfeit and sell stock. § 2129.

Increase or Decrease. Increase may be effected by a two-thirds vote of all the stockholders at a meeting at its place of business called on notice, stating time, place and object, served or mailed regularly and published once a week for four weeks prior to such meeting in a newspaper of the county. Within thirty days thereafter the president makes return to the Secretary of State under oath stating the amount of the increase and the terms on which the additional stock is issued. Then, upon payment of the fees for such increased stock (See § 2, "Taxes and Fees"), this issue is authorized. Reduction is had in the same manner, but only by unanimous vote of the stock, and on certificate of State Comptroller endorsed, that in his judgment the ability of the corporation to meet its outstanding liabilities or indebtedness is not impaired thereby. §§ 2148, 2149.

Classes of Stock. No provisions. See § 2123, subdiv. 3.

Par Value of Shares. Must be not less than \$10 per share.

§ 2128. May otherwise be changed by unanimous vote of the stock, in the same manner as provided for increase and reduction of stock.
§ 2149.

Stock Certificates. No statutory requirements.

Transfer of Stock. Method to be prescribed by the by-laws, but no transfer shall be made until all previous assessments have been paid. § 2131.

8. Stockholders.

Rights and Powers. They control all amendments to charter not otherwise specified by a three-fourths vote (§ 2150); increase of stock by a two-thirds vote (§ 2148); reduction of stock and change of par value of shares by a unanimous vote (§ 2149); dissolution by a majority vote. § 2154. One-third may compel meetings, and four-fifths of the stock may hold meetings on waiver. §§ 2142-2144. They have the right of examination of the general books only through the medium of an officer or committee appointed by one-tenth of all the subscribed stock. § 2147. But the stock register must be at all times open to the inspection of any stockholder on written application. § 2133.

Liability. For acting as a corporation without having complied with the law in all respects, the stockholders are held as partners. § 2127. They are liable for corporate debts to the extent of unpaid subscriptions and no more, and execution is levied on their property to this extent after execution against the corporation is returned unsatisfied. § 2152.

Meetings. Stockholders' meetings must be held within the State. § 2148. Taylor v. Branham, 35 Fla. 297. Elections are to be provided for in the charter. § 2123. But the details of meetings generally may be prescribed by the by-laws. §§ 2137, 2141.

Notice. Must always be published in a newspaper in the county wherein the place of business is located at least two weeks, once a week; and served personally or by mail, at least two weeks before the meeting. § 2141. If meetings are not held, a justice of the peace, on written request of one-third of the stock, may give warrant to a stockholder to call a meeting. § 2142. And four-fifths of the stock present and signing written consent on the record of any stockholders' meeting, may act, and their acts will be valid. § 2144.

Quorum. Is constituted by a majority of the stock. § 2145.

Voting. Each share has one vote, but no stockholder whose assessments or calls are past due shall be allowed to vote. § 2146.

Proxies. Are valid if in writing. § 2146.

9. Directors.

Number. Must be not less than three nor more than thirteen. § 2121. Number may be changed by such vote of the stockholders as the by-laws may direct at a meeting called for that purpose. §§ 2121, 2138.

Qualifications. Directors must be stockholders, qualified to vote. § 2138.

Powers. They fill vacancies on the board until next election. § 2139. Their powers are to be regulated by the by-laws. § 2137. They remain trustees on dissolution. § 2157. They are given powers to control mortgages or deeds of trust. L. 1903, Ch. 5219.

Liability. For knowingly declaring any dividend when the corporation is insolvent, or which renders it insolvent, the directors are jointly and severally liable for the debts of the corporation to the extent of such dividends. An absent or dissenting director is exempt. § 2163.

Meetings. May be entirely controlled by the by-laws. §§ 2137, 2141. A quorum is a majority of the whole number. § 2138.

Executive Committee. May undoubtedly be provided for by the charter or by-laws. §§ 2123, 2137, 2138; *Land Co. v. Mitchell*, 4 Fla. 192.

10. Officers.

The officers and the times of their election are to be prescribed in the charter. § 2123. Their powers and duties are to be prescribed by the by-laws. § 2137. The president must be a director and may be chosen by the stockholders. § 2138. The secretary or other custodian of the corporate books must keep them in his possession and ready to be exhibited on demand. § 2147. The treasurer is to keep list of stockholders. § 2133.

Liability. Any officer neglecting or refusing to make annual return to State Comptroller (See § 13, "Reports") forfeits not less than \$100 to be recovered by the State. § 2134. Penalty for refusing to furnish information to officer holding execution is a fine not exceeding \$500. § 2153. For false entries, etc., there is heavy punishment in imprisonment and fines. §§ 2467-2470. Treasurer forfeits \$50 for refusing to exhibit list of stockholders. § 2133.

11. Principal Office.

Is to be kept within the State. § 1001; L. 1903, Ch. 5221; *Taylor v. Branham*, 35 Fla. 297.

12. Corporate Books.

What Required. The treasurer or cashier is to keep list of stockholders, to contain names and number of shares owned. § 2133. Other books and records are referred to but not specifically prescribed. § 2147.

Where Kept. In the possession of the secretary or other officer made custodian thereof by the by-laws. § 2147.

Examination of. The list of stockholders is at all times open to inspection of stockholders on written application. § 2133. And the other books, records and papers of the corporation must be exhibited during business hours on demand, to any officer, director or committee appointed by one-tenth of the subscribed stock, and extracts must be furnished. They must also be produced in evidence on subpoena (§ 2147), and information must be furnished to officers holding execution against corporation and stockholders. § 2153.

13. Reports.

The treasurer or cashier, or other officers, must annually make a return to the State Comptroller showing name and residence of each stockholder, with his number of shares, and the par and cash market value of such shares, and also the whole amount of the capital stock, the amount actually paid in, and the real estate subject to taxation and the personal estate. § 2134. Fine of \$100 is prescribed for failure to file such return. Semi-annual statements of the amount of capital stock subscribed, amount actually paid in, and amount of the corporate indebtedness, are filed in the State Comptroller's office, or oftener whenever the Comptroller shall direct. § 2136.

Publication is required by law of all notices of stockholders' meetings, and of original charter and all amendments thereto. §§ 2124, 2141, 2150.

14. Foreign Corporations.

Admission of foreign business corporations is not specially provided for by law. Railroad, insurance, surety and Lloyd companies may file certified copies of their charters and pay license fees. L. 1897, Ch. 4615; L. 1895, Ch. 4380, etc.; Taylor v. Branham, 35 Fla. 297; Duke v. Taylor, 37 Fla. 64; Hocker v. Ga., 34 So. 901.

15. Combinations and Monopolies.

Combinations to monopolize or control sale of beef or other fresh meat in the State are prohibited, on penalty of forfeiture of charter or right to do business in the State, and fine not exceeding \$5,000 and imprisonment not exceeding one year for individuals. Suits may be brought by private individuals to enforce the law by injunction. L. 1897, Ch. 4534.

GEORGIA.

1. Corporation Laws.*

Constitution. (1877.) The General Assembly is prohibited from granting corporate powers to private companies except in the case of banking, insurance, railroad, canal, navigation, express and telegraph companies, and shall prescribe the manner in which the courts shall grant such powers. Art. III, Sec. VII. The General Assembly may not authorize any corporation to buy stock of any other corporation or to make any contract with another corporation tending to defeat or lessen competition or encourage monopoly. Art. IV, Sec. II, § 4. State interest in any corporation prohibited. Art. VII, Sec. II, § 5.

Statutes. Civil Code of Georgia (Revision of 1895), Second Title, §§ 1831-1902, contains the general corporation law. Sundry provisions relating to general corporations are also found in Civil Code, §§ 2349, 2350, 2698, 3064, 3954, and Political Code, §§ 805-881. A supplement brings these Codes down to 1901 and further amendments are found in the Session Laws of 1902 and 1905.

Under the general law corporations may be formed for any lawful purpose except in the case of banks, railroad, telegraph, insurance, navigation, express and canal corporations, charters for which are granted and issued by the Secretary of State. §§ 1903-2348.

2. Taxes and Fees.

Organization Expenses. No license fees are imposed on ordinary business corporations, but fees must be paid to Clerk of Court on filing of papers, not usually amounting to more than \$15. Also petition for charter must be published, the cost of such publication varying according to length and local conditions. Cost of certified copy of charter, \$2.50.

Franchise Tax. An annual license or occupation tax is paid to the tax collector of the county in which business is carried on, on capital not exceeding \$25,000, \$5; over \$25,000 and not over \$100,000, \$10; over \$100,000 and not over \$300,000, \$25; over \$300,000 and not over \$500,000, \$50; over \$500,000 and not over \$1,000,000, \$75; and over \$1,000,000, \$100. L. 1905, p. 34.

Local Taxation. Of property as for individuals. Returns are made by July 1st of each year, as of April 1st. Tax payable October

* Unless otherwise noted, references are to the Civil Code, 1895, and Supplement, 1901.

GEORGIA.

Enactments of 1906.

13. Reports.

An Annual Return must be made to Corporation Commissioner of State by all domestic corporations (except banks) and by all foreign corporations doing business in the state, on or by November 1st of each year. Return must be made through president or general manager of corporation, and set forth:—

- (1) Name of Corporation.
- (2) When Incorporated.
- (3) By What Authority Incorporated.
- (4) Where Incorporated.
- (5) Amount of Capital Stock.
- (6) The Business of Corporation.
- (7) Location of Principal Office. L. 1906, Act 447, § 2, p. 105.

A filing fee shall be paid of \$1 the first year and fifty cents each succeeding year. L. 1906, Act 447, § 3, p. 105.

Any corporation failing to make annual return as required is liable to a penalty of \$50. L. 1906, Act 447, § 4, p. 106.

The Secretary of State is made, ex-officio, Corporation Commissioner of State. L. 1906, Act 447, § 1, p. 105.

1st. Pol. Code, § 827. Penalty for default in making returns or in payment of taxes is forfeiture of charter (Id., § 875) and trebling the tax. Id., § 876.

General. To Secretary of State: For recording statement of issuance of bonds, 20 cents per 100 words; same for transcripts; for noting cancellation of bonds, \$1 per bond. §§ 1866-1869, 6757. On all amendments or renewal of charter the expenses are practically the same as on original incorporation.

3. Incorporation.

Incorporators. Number for business corporation is not specified, but must be more than one. § 2350. No requirements as to residence. The incorporators have a property right in the franchise of which they can be deprived only by due process of law. § 1854. They are held liable for subscriptions to minimum capital stock in case of any default therein. § 1856.

Declaration of Incorporation. Must be prepared by the incorporators. Manner of execution not prescribed. This declaration must set forth (§ 2350):

(1) Objects of their association and the particular business they propose to carry on.

(2) Corporate name. Must be different from that of any other corporation of the State. *Lane v. Society*, 120 Ga. 355 (1904).

(3) Amount of capital to be employed by them and actually paid in.

(4) Place of doing business.

(5) The time, not exceeding twenty years, for which they desire to be incorporated.

Corporations chartered by General Assembly expire in thirty years, if no period is specified by charter. § 1851.

Filing and Recording. This declaration is in the form of a petition to the Superior Court of the county in which the incorporators desire to transact business, and is filed in the office of the Clerk of that Court. It is also published once a week for four weeks in the nearest public gazette to the point where such business is located, whereupon the court passes an order granting the application. The petition and order are then recorded by the Clerk in a book known as the "Record of Superior Court Charters" and on the minutes of the court. § 2350, subdivs. 1 and 2.

4. Organization.

First Meetings. No statutory provisions, but meetings of stockholders must be held within the State. *Mining Co. v. King*, 45 Ga. 34 (1872). The first stockholders' meeting is usually held as soon as charter is granted and at that meeting by-laws are adopted and directors elected. These directors then meet and elect officers.

By-Laws. By-laws may be passed not inconsistent with law. § 1852.

Certificates. None required to show completed organization.

5. Corporate Existence.

When Commenced. On granting of order by Superior Court, and continues for twenty years, with privilege of renewal for a like period. § 2350, subdiv. 2. It can not be collaterally attacked. § 1862.

Beginning Business. Ten per cent. of the capital stock must be paid in before business may be commenced (§ 2350, subdiv. 3), although the corporation may organize and collect subscriptions at once. *McCandless v. Co.*, 115 Ga. 968 (1902).

Renewal. May be had for a period of twenty years, on application to Superior Court which may be made prior to expiration, the petition to set forth the corporate name, the date and manner of original incorporation, all subsequent amendments, and any new amendments desired. The application must be accompanied by an abstract from the minutes of the corporation showing that it has been authorized by proper corporate action. The renewal takes effect on expiration of the original period. §§ 6170, 2350, subdiv. 7.

Forfeiture of Charter. May occur on failure to commence business for two years after granting of charter (§ 2350, subdiv. 3); for wilful violation of any essential condition on which the charter was granted, for misuser or non-user of franchises (§ 1883); for violation of laws against combinations (§ 6468), or for non-payment of taxes and failure to make returns. Pol. Code, § 875. Forfeiture, however, takes effect only on judgment of court of competent jurisdiction. § 1883; *Trust Co. v. State*, 109 Ga. 736 (1899).

Dissolution. Follows expiration of charter period, forfeiture of charter, surrender of franchises or death of all the members without provision for succession. §§ 1882, 1884. On dissolution for any cause, the Superior Court has jurisdiction to appoint receiver to administer assets. §§ 1853, 1886.

6. Corporate Powers.

General. The usual common law powers are enumerated. § 1852.

To Hold Property. This power is granted only as to such corporate property as is necessary to the purpose of organization. §§ 1852, 2350, subdiv. 5.

Its Own Stock. Not regulated by statute.

Stock of Other Corporations. This is expressly prohibited by the Constitution, Art. IV, Sec. II, § 4.

To Borrow Money. No statutory restrictions. A certified statement of bonds for circulation issued or endorsed by a corporation, must be furnished to the Secretary of State, showing the letter, date of issue, number of bonds, amount of issue, rate of interest, when

and where payable and the date of the law, if any, authorizing such issue. On payment, the cancelled bonds are exhibited to the Secretary of State, who notes payment thereof on the record. (For fees to Secretary of State in connection with bond issues, see "General" under "Taxes and Fees," § 2.) §§ 1866, 6157. Penalty for non-compliance is fine not exceeding \$500 for each offence. §§ 1867-8.

To Do Business in Other States. No statutory provision. *Mining Co. v. King*, 45 Ga. 34 (1872).

Consolidation or Merger. Of general corporations is not provided for by law, and is prohibited when the effect would be to defeat or lessen competition or to encourage monopoly. §§ 6467-6472. Const., Art. IV, Sec. II, § 4.

Amendment of Charter. May be obtained by petition and proceedings as in case of original charter. § 2350, subdiv. 6. Amendments may be inserted on renewal of charter. §§ 6170, 2350, subdiv. 7.

7. Capital Stock.

Amount. No limitations.

Initial Payment. Ten per cent. of authorized capital must be paid in before corporation can commence business, and within two years after granting of charter. § 2350, subdiv. 3.

Consideration for Issue. No statutory provisions. Payment of subscriptions by property is allowed if such property is the full equivalent of a cash payment. Burden of proof is on party alleging that stock issued for property is not fully paid. *Hayden v. Cotton Factory*, 61 Ga. 233 (1878); *Allen v. Grant*, 122 Ga. 552 (1905).

Charter may prescribe manner of making calls or assessments on stock. *Wilson v. R. R. Co.*, 33 Ga. 466. The liability of a stockholder for unpaid subscriptions on his stock is an asset of the corporation. § 1890. By-laws may provide that debts due to the corporation from stockholders constitute a lien on their stock. Lien is binding on creditors and purchasers with notice. § 2825; *Owens v. Trust Co.*, 122 Ga. 521 (1905).

Classes of Stock. Not provided for by the statutes, but are recognized. *Totten v. Tison*, 54 Ga. 139.

Par Value of Shares. No limitations.

Stock Certificates. No provisions in statutes. Certificates need not be delivered until subscriptions are fully paid. *Ross v. R. R. Co.*, 53 Ga. 514.

Transfer of Stock. Except as against the claims of the corporation a transfer of stock does not require a transfer on the books of the company. § 1855; *R. R. Co. v. Thomason*, 40 Ga. 408 (1869). Transfer of stock within six months prior to insolvency of corporation does not relieve transferee from liability on unpaid stock. Code, § 1888.

8. Stockholders.

Rights and Powers. No special rights or powers are given the stockholders by statute. All rights and remedies are enforced through the medium of the courts, and equity rules prevail. §§ 1859, 1861; *Bethune v. Wells*, 94 Ga. 486 (1894).

Liability. Stockholders are liable for the corporate debts to the extent of unpaid subscriptions for stock. § 2350, subdiv. 3. This liability is not affected by the dissolution of the corporation (§ 1887), nor can it be avoided by transfer of stock within six months prior to insolvency. §§ 1888, 1889. Proceedings in actions to enforce stockholders' liability are given in §§ 1892-1898, 1893, providing for notice of such action to the stockholders by publication. *Allen v. Grant*, 122 Ga. 552 (1905); *Comm. Bank v. Warthen*, 119 Ga. 990 (1904).

Meetings. Must be held within the State. *Mining Co. v. King*, 45 Ga. 34 (1872).

Notice, Quorum and Voting. No statutory provisions. Should be provided for by by-laws. Voting by proxy is allowable if provided for in charter or by-laws.

9. Directors.

Number. No restrictions. May be fixed by charter or by-laws. *Mining Co. v. King*, 45 Ga. 34 (1872).

Qualifications. No requirements.

Powers. The directors represent the corporation and its stockholders. They remain trustees on insolvency. § 1858.

Liability. For declaring any dividends or distributing any money among members as profits when such are not the actual legitimate net earnings, directors are guilty of a misdemeanor. Pen. Code, § 691; L. 1902, Ch. 131, p. 58.

Meetings. No provisions for place, notice or quorum. Should be regulated by by-laws.

Executive Committee. No provisions.

10. Officers.

Corporations act through their officers and are responsible for their acts. § 1861. For failure to allow inspection of list of stockholders (§ 1891), officers are guilty of misdemeanor. Penal Code, § 594. Also for illegal dividends. *Id.*, § 691. For refusing to give certificate of stockholders and their holdings on application by plaintiff in a suit against the corporation, the officer refusing becomes liable for principal, interests and costs in the suit. § 1895.

11. Principal Office.

One must be maintained in the State and must be named in the petition for incorporation. § 2350. It can be changed only by amendment of charter. *R. R. Co. v. Wilson*, 116 Ga. 189 (1903); *Etowah M. Co. v. Crenshaw*, Id. 406.

12. Corporate Books.

A list of the stockholders must be kept and must be open to the inspection of creditors of the corporation during business hours (§ 1891), and such lists, showing the number of shares owned by each, must be produced by the president or other officer on demand of any creditor. §§ 1890, 1895.

13. Reports.

No reports other than tax returns are required. L. 1905, pp. 37-8. Petitions for incorporation and for amendments must be published. No other publications are required by statute.

14. Foreign Corporations.

How Authorized to Do Business. No formalities required. Foreign corporations are recognized and admitted as a matter of comity, but only to such extent as Georgia corporations are recognized in the home state of such foreign corporations. § 1846. They can not exercise any corporate powers or privileges within the State which are prohibited to domestic corporations. § 1847; see also § 1850. Foreign corporations are prohibited from owning land in Georgia to the extent of 5,000 acres without incorporating under Georgia laws, excepting companies loaning money on real estate securities, or taking the same in payment of debts. § 1849; *Reeves v. So. R. Co.*, 121 Ga. 561 (1905).

If foreign corporations pay their franchise tax same as required of domestic corporations, before April 1st of each year, their agents are not required to pay license fees (\$5 to \$75 based on capitalization). Any corporation desiring to take advantage of this provision must before April 1st register its name, capital stock and names of agents with the Comptroller General. L. 1905, p. 34.

Penalties for Non-Compliance. Action by any party in interest or by the Attorney General at the direction of the Governor, to restrain the exercise of any improper or prohibited powers or privileges, and to declare the same invalid. § 1848.

Taxation. Same as of domestic corporations. L. 1905, p. 34. For failure to make returns or pay taxes, the right to do business in the State is suspended. Pol. Code, § 875.

Books and Reports. Are by implication the same as those required of domestic corporations, being merely lists of stockholders and tax returns. Franchise tax returns are required. L. 1905, p. 34.

(Georgia)

Attachments Against. Lie against foreign corporations as against non-residents. Code Prac., § 4527.

25. Combinations and Monopolies.

The General Assembly shall have no power to authorize any corporation to buy stock of or make any contract with any other corporation, foreign or domestic, which may have the effect to defeat or lessen competition or encourage monopoly, and L. 1896, p. 68, carries this provision into effect (§§ 6467-6472; Const., Art. IV, Sec. 11, § 4), with penalties of forfeiture of charter or right to do business (§6468), of fines of \$100 to \$5,000 and imprisonment one to ten years. Also damages to person injured. §§ 6470, 6471; Willis v. Co., 120 Ga. 597 (1904).

HAWAII.

1. Corporation Laws.*

Organic Law. Is contained in Act of Congress of the United States, April 30, 1900 (31 U. S. Stat. at L., Ch. 339, p. 141). The granting of charters by special act of legislature is forbidden, and corporations are prohibited from acquiring more than 1,000 acres of land.

Statutes. The corporation law of Hawaii is found in the Revised Laws of Hawaii, 1905, Title XXII, §§ 2535-2629, of which Chapter 158, §§ 2570-2598, relates to banking; Chapter 159 to insurance corporations. Of Chapter 157, §§ 2536-2541 provide for organization of joint stock companies, which are in effect the same as corporations, and §§ 2542-2543 for incorporation by charter. The provisions of the chapter are, however, generally applicable to both. § 2541. Chapter 160, §§ 2623-2629, provides for foreign corporations.

Joint stock companies may be incorporated under the general law for the purpose of carrying on any business or undertaking, mercantile, agricultural or manufacturing, and for dealing in real estate, building, or any other business for which individuals may lawfully associate themselves, with the exception of banking and professional businesses. § 2535.

2. Taxes and Fees.

Organization Expenses. A stamp tax of \$25 must be paid on charter or articles of association. § 1320. For any copy, 50 cents per 100 words. § 1181.

Franchise Tax. None imposed.

Local Taxation. There is an income tax of two per cent. on net profits, for which returns are to be made between July 1st and 31st of each year. §§ 1279-1282. Regular tax returns are required to be made in January of each year. § 1227. (See § 13, "Reports.")

3. Incorporation.

Incorporators. Must be at least five. A majority must be residents of the Territory. § 2536.

Articles of Association. Are signed and acknowledged by each of the incorporators of joint stock companies, and must contain (§ 2536):

* References are to the Revised Laws of Hawaii (1905), except where otherwise noted.

(1) Name of the corporation, which shall be followed by the word "Limited."

(2) Place of its principal office.

(3) Purpose of the company.

(4) Amount of capital stock, and if the privilege of subsequent extension of the capital stock is asked for, the limit of such extension.

(5) Number and designation of officers proposed.

Or a charter may be granted by the Treasurer of the Territory, by and with the consent of the Governor, to cemetery associations and other corporations, ecclesiastical or lay, except municipal (§ 2542), on written petition, accompanied by proof that three-fourths of the shares have been subscribed for, and, in addition to the statements required of joint stock companies, the time within which it is to organize, the duration of the corporation, whether the liability of the stockholders is to be limited to the amount of their stock, and also whether the whole or any part of the capital stock is to be paid in before commencing operations, and if part, what part. Defective petition is to be returned for amendment within ten days. § 2545.

Filing and Recording. Articles or charter are recorded by the Treasurer of the Territory, free of charge, in a book at all times open to the public (§ 2537), together with an affidavit sworn to by the president, secretary and treasurer of the corporation, stating the number of shares, amount of capital stock, the names of the subscribers for shares, and the amount paid in. If the object of incorporation is to take over and conduct any existing agricultural, grazing, manufacturing, shipping, or trading business, the affidavit must also contain a full description of the property intended to represent the capital stock, a detailed valuation of each item, and a copy of the conveyance to be made by the owners to the corporation. § 2538.

4. Organization.

First Meetings. No requirements. Stockholders' meeting may be attended by proxy. *Brown v. Carter*, 15 H. 333.

By-Laws. May be passed not inconsistent with law. § 2558. They may regulate the management of the corporate property, the election and removal of officers, the transfer of stock and the method of voting at meetings of trustees, directors or board of managers. §§ 2554, 2558.

Certificates. None required to show completed organization, beyond the affidavit to be filed with the articles. § 2538.

5. Corporate Existence.

When Commenced. On filing articles of association and affidavit with Treasurer and is not to exceed fifty years (§ 2539), except of eleemosynary, literary, educational, ecclesiastical and cemetery asso-

ciations, which may have perpetual charters. §§ 2544, 2558; Co. v. Austin, 5 H. 555.

Beginning Business. May not be commenced until three-fourths of the shares shall have been subscribed, nor until ten per cent. of the stock has been paid in, or the company shall have acquired property equal to ten per cent. of its value. § 2540.

Renewal. The Treasurer has power to renew charter on application of two-thirds of the stockholders, if satisfied as to the condition of the company's affairs. § 2543.

Forfeiture of Charter. Not provided for. Quo warranto will lie against corporations not legally incorporated. §§ 2044-2052.

Dissolution. A petition is presented to the Treasurer with a certificate showing that at a meeting duly called for that purpose, three-fourths of the stockholders or members voted to dissolve, and after publishing notice thereof for sixty days in Hawaiian and English, the Treasurer on hearing and proof of the facts, if satisfied that all claims against the corporation are discharged, declares the corporation dissolved. § 2568.

6. Corporate Powers.

General. The usual powers are enumerated. § 2558.

To Hold Property. This power is granted for corporate purposes to the extent limited by the charter. § 2558. By the Organic Law, holdings of realty are limited to 1,000 acres. R. L., p. 61.

Its Own Stock. No statutory provision.

Stock of Other Corporations. This is permitted. § 2558. Two corporations may enter into partnership. § 2631.

To Borrow Money. The corporate indebtedness is limited to the amount of the capital stock. § 2564.

To Do Business in Other States. No provision.

Consolidation or Merger. Corporations may form partnerships. §§ 2631, 2632.

Amendment of Charter. The Treasurer with the approval of the Governor has power to grant amendments within the scope of the law governing original incorporation. § 2546.

7. Capital Stock.

Amount. Not limited. Must be stated in articles of association or charter. §§ 2536, 2545.

Initial Payment. Three-fourths of the entire capital stock must be subscribed for, and ten per cent. paid in cash or property. § 2540.

Consideration for Issue. May be cash or property, but a detailed description of the property with an itemized valuation must be veri-

fied and filed with the Treasurer. § 2538. The directors have power to sell at public auction a sufficient number of shares of any stockholder who shall neglect to pay any assessment levied on the shares, until the whole par value has been paid in; notice of ten days must be given resident delinquent, and published three weeks in case of delinquent stockholder residing outside of the Territory. § 2551.

Increase or Decrease. The privilege must be requested in the articles of association, with the amount stated to which it is desired to extend the capital stock. §§ 2536, 2545.

Classes of Stock. Preferred stock may be issued on a three-fourths vote of the stock, the dividend on same not to exceed ten per cent., nor to be cumulative. § 2552.

Par Value of Shares. Not prescribed.

Stock Certificates. No provisions as to form or signatures. Every certificate must show plainly how much of its par value has been paid in. § 2550.

Transfer of Stock. May be made by endorsement and delivery of certificates, but no transfer is valid except between the parties until entered on the company books, such entry to show date of transfer, the parties, their places of abode, and the number and description of shares transferred. § 2549.

8. Stockholders.

Rights and Powers. They control the issue of preferred stock; also dissolution by a three-fourths vote. §§ 2552, 2568. Four may compel meetings by application to circuit judge. § 2557. Two-thirds may apply to renew corporate existence. § 2543.

Liability. Stockholders are liable for the corporate debts to the extent of the unpaid balance on their stock. §§ 2562, 2563.

Meetings. Are to be regulated by by-laws. Must be held within the Territory. Notice may be waived by unanimous written consent entered on the record, all the members being present in person or by proxy. § 2555. May be called by circuit judge on application of four or more members. § 2557.

Quorum. Not prescribed.

Voting. May be prescribed by by-laws. Voting may be by proxy. § 2554; *Brown v. Carter*, 15 H. 333.

9. Directors

Number. Not prescribed. Must be stated in articles of association. § 2536.

Qualifications. To be prescribed by by-laws. § 2554.

Powers. They remain trustees to settle affairs after dissolution. § 2569. They have the usual powers of control over the corporate business and property.

Liability. For dividends or capital distributed except from profits arising from the business, the directors are jointly and severally liable to the extent of such dividend or distribution. § 2561. Holding themselves out to be a corporation without having complied with the law, is declared a misdemeanor, punishable by fine not to exceed \$5,000. § 2565.

Meetings. To be provided for by the by-laws.

Executive Committee. No provision.

10. Officers.

Are to be prescribed by by-laws. They are liable for any false statements, etc. § 2565. (See also "Liability" under § 9, "Directors.")

11. Principal Office.

Must be named in the articles of association or petition for charter. §§ 2536, 2545.

12. Corporate Books..

What Required. A stock register is prescribed, to show names of stockholders, their holdings, and the date when they became owners of stock. § 2548; *Marx v. Parmelee*, 13 H. 438.

Where Kept. Not specified, but by implication they must be kept within the Territory. §§ 2548, 2566.

Examination of. The stock register is to be open for the inspection of stockholders and creditors during usual business hours of each day except Sundays and holidays; and the custodian must furnish transcript. § 2548.

13. Reports.

An annual exhibit of the corporate affairs is required to be presented to the Treasurer at such times as he shall require; and he has also the right to examine witnesses and call for the production of books and papers. He may publish such report. § 2566.

Every corporation doing business for profit in the Territory shall render to the tax assessor of its tax division, between July 1st and 31st of each year, a return in form prescribed by the Treasurer of the Territory, stating: (1) Gross receipts from all sales made during the preceding year to June 30th last preceding, at home and abroad. (2) Expenses, exclusive of interest, annuities and dividends. (3) Interest, annuities and dividends paid, stated separately. (4) Amount expended on permanent improvements. (5) Amounts paid for salaries or compensation of more than \$600 to each person, and names and amounts paid to each. § 1282.

Publication of dissolution is required to be made by the Treasurer of the Territory for sixty days in Hawaiian and English. § 2568. Annual report may be published. § 2566.

(Hawaii)

14. Foreign Corporations.

How Authorized to Do Business. Before beginning business a foreign corporation must file in Territorial Treasurer's office: (1) A certified copy of charter. (2) Names of its officers. (3) Name of some person on whom process may be served. (4) A certified copy of its by-laws. § 2623. Fee, \$50. § 2624. Treasurer thereupon issues annual license. § 2625.

Penalties for Non-Compliance. Offending corporations are declared guilty of a misdemeanor, and are denied the benefit of the laws of the Territory. But courts may grant additional time within which to comply with the law, if they have a good defence in an action. § 2626.

Taxation. They pay to the Treasurer of the Territory for annual license to do business, one-fourth of one mill on each dollar of authorized capital stock, but the minimum fee is \$150. § 2625.

Books. Territorial Treasurer has power at any time to call for books and examine them. § 2628.

Reports. On July 1st of each year they must file with the Treasurer a statement of all matters required to be stated by Hawaiian corporations. § 2627. Treasurer has also visitatorial power at any time (§ 2628) and may apply to Circuit Judge at Chambers for order to compel production of books and examination of witnesses. § 2629.

Attachments Against. Does not lie against foreign corporations on that ground alone. § 1714.

15. Combinations and Monopolies.

In the enumerations of unlawful conspiracies is found: To establish, manage or conduct a trust or monopoly in the purchase or sale of any commodity (§ 3091) is a conspiracy of the second degree, punishable by imprisonment at hard labor not more than two years, or fine not exceeding \$10,000 in the discretion of the court. § 3100.

IDAHO.

1. Corporation Laws.*

Constitution. (1889.) Corporations may not be created by special or local laws (Art. III, § 19), but shall be provided for by general laws. Art. XI, § 2. Voting may be by proxy, and cumulative voting is prescribed for elections of directors. Id., § 4. "No corporation shall issue stock or bonds, except for labor done, services performed, or money or property actually received, and all fictitious increase of stock or indebtedness shall be void." Id., § 9. Stock of corporations shall not be increased except in pursuance of general law and with the consent of a majority of the stock, obtained at a meeting held after at least thirty days' notice. Id., § 9. In no case shall any stockholder be individually liable in an amount greater than the amount of his stock. Id., § 17. Foreign corporations must have one or more known places of business in the State and an agent on whom process may be served. Id., § 10. Trusts prohibited. Id., § 18.

Statutes. General provisions for corporations are found in Idaho Civil Code, 1901, Title XI, Chapter LXXX (amended by Laws of 1903 and 1905), which provides that private corporations may be formed for any purpose for which individuals may lawfully associate themselves. § 2087. The remaining chapters of the Title provide especially for railroad, telegraph and telephone, bridge, ferry, flume and boom, water and canal, homestead, insurance, agricultural, gas, land and building, surety, trust, guarantee title, abstract and safety deposit corporations and others. The general provisions of the Title apply also to membership corporations.

2. Taxes and Fees.

Organization Expenses. To Secretary of State, for filing articles of incorporation: When the authorized capital stock does not exceed \$25,000, \$5; when it exceeds \$25,000 and does not exceed \$100,000, \$10; when it exceeds \$100,000 and does not exceed \$500,000, \$20; when it exceeds \$500,000, \$25.

For recording articles, 20 cents per folio; for issuing certificate, \$3; for certifying and affixing seal, \$1. For copies, 20 cents per folio. Pol. Code, § 102.

To County Recorder, 50 cents for filing articles; 20 cents per folio for recording and 20 cents per folio for copies. Pol. Code, § 1770.

Franchise Tax. None imposed.

* References are to Idaho Civil Code of 1901, Title XI, Chapter LXXX, except where otherwise noted.

Local Taxation. Stockholders of corporations, the entire capital or property of which is assessed, are not assessed individually for such stock. Pol. Code, § 1334. Capital stock is exempt to the extent that it is represented by property which has been assessed. Id., § 1312, subdiv. 6. Mining claims not patented are exempt, but not the machinery and improvements. Id., subdiv. 11. All private irrigation property is exempt. Id., subdiv. 12. Returns are made as of second Monday of January, and no special forms are prescribed for corporations. Pol. Code, §§ 1323, 1324.

3. Incorporation.

Incorporators. Must be three or more and one of them must be a *bona fide* resident of the State. L. 1905, p. 163.

Articles of Incorporation. (§ 2088.) Must be subscribed and acknowledged by each of the incorporators (L. 1905, p. 163), and must set forth (§ 9089):

(1) Name of the corporation. Corporations may select any name the stockholders see proper. The corporate name on all stock certificates, stationery, etc., and on all signatures to official or public documents, must be followed by the word "Limited." §§ 2119, 2120. If this is not done the provisions of § 2119, limiting the stockholder's liability for corporate debts to the amount of his unpaid subscription, do not apply. (See "Liability of Stockholders," under § 8.)

(2) Purpose for which it is formed.

(3) Place where its principal business is to be transacted.

(4) Term for which it is to exist, not exceeding fifty years.

(5) Number of its directors or trustees. This number in a corporation organized for profit may at any time be increased by amendment of the articles to any number not exceeding fifteen. (See "Directors," under § 9.)

(6) Amount of capital stock and the number of shares into which it is divided.

(7) If there is a capital stock, the amount actually subscribed and by whom. §§ 2089, 2093.

(8) Classification of directors, if desired, into three classes, one class to be elected each year for three years. Laws of 1905, pp. 161-162.

Railroad, wagon road and telegraph companies have additional statements. § 2090; L. 1905, p. 162.

Filing and Recording. The articles of incorporation are filed in the office of the County Recorder of the county where the principal business is to be transacted, and a copy thereof, certified by the County Recorder, with the Secretary of State. The Secretary of State thereupon issues to the corporation over the official seal, a certificate

that a copy of the articles containing the required statement of facts has been filed in his office, which completes incorporation. § 2094. A certified copy of the articles must also be filed in the Recorder's office of each county in which the corporation owns property, within sixty days after acquiring such property. § 2097.

4. Organization.

First Meetings. Within one month after filing articles, a code of by-laws must be adopted by a majority of all the subscribed stock, at a meeting called on two weeks' notice by advertising in a newspaper published in the county in which the principal place of business is located, or, if none be published there, in one published at the capital of the State. But by-laws may be adopted by written assent of two-thirds of the subscribed stock without a meeting. § 2098. Meeting must be held in principal office or the place where the principal business is to be transacted.

First meeting of directors must be held for organization immediately after their election, in the place prescribed by the by-laws. L. 1905, pp. 165, 166. (See "Election of Officers," under § 4.)

By-Laws. The by-laws may provide: (1) Time, place and manner of calling and conducting meetings. (2) Number of members or stockholders constituting a quorum. (3) Mode of voting by proxy. (4) Time of annual election of directors, and mode and manner of giving notice thereof. (5) Duties and compensation of officers. (6) Manner of election and terms of office of all officers other than directors. (7) Time and place of holding meetings of the board. (8) Suitable penalties for violations of by-laws, not exceeding in any case \$100 for any one offence. L. 1905, p. 164.

All by-laws must be certified by a majority of the directors and the secretary, and recorded in a "Book of By-Laws." § 2101.

They may be repealed or amended by a two-thirds vote of the subscribed stock at the annual meeting called for that purpose, or that power may be delegated to the directors by a similar vote at such meeting. § 2101.

Certificates. None are required to show completed organization.

5. Corporate Existence.

When Commenced. Commences on filing articles of incorporation (§ 2094; R. R. Co. v. Putnam (Kan.), 12 Pac. 593), and extends fifty years unless a less period is provided in the articles. § 2089. It may not be inquired into collaterally. § 2147.

Beginning Business. Business may be commenced forthwith, and must be commenced within one year from the date of incorporation. § 2147.

Renewal. Every corporation formed for a period less than fifty years may, prior to the expiration thereof, extend the term not to exceed fifty years from its formation. § 2160.

Forfeiture of Charter. May occur on failure to commence busi-

ness within one year from incorporation, but only at the suit of the State. § 2147.

Dissolution. Is effected by petition to the district court of the county in which the office or principal place of business is situated. Such petition must be authorized by a two-thirds vote of all the stockholders or members, and show that all debts have been satisfied. Code Civ. Pro., §§ 3834-3840; *Clow v. Redman*, 6 Ill. 568.

6. Corporate Powers.

General. The usual powers are enumerated and conferred. § 2144.

To Hold Property. No corporation shall acquire or hold more real property than may be reasonably necessary for the transaction of its business or the construction of its works. § 2149; Code Civ. Pro., Ch. 179.

The cost of the works which it may be the object or purposes of the corporation to construct, must not exceed its capital stock. § 2148, subdiv. 4.

Its Own Stock. A corporation may bid in stock sold for non-payment of assessments (§ 2137), but such stock may not be voted while held by the corporation. § 2138.

Stock of Other Corporations. This power is not conferred by the statutes.

To Borrow Money. The indebtedness of the corporation must not exceed the amount of the capital stock. § 2148.

To Do Business in Other States. This is not prohibited by the statutes, but up to 1905 all meetings were required to be held at the principal place of business or office. § 2116. The Laws of 1905 provide that the by-laws may prescribe a place for holding directors' meetings within or without the State. L. 1905, pp. 164, 166.

Consolidation or Merger. The Constitution, Art. XI, § 14, provides that where a corporation consolidates with any foreign corporation, the same shall not become a foreign corporation, but the State courts shall retain jurisdiction over the corporate property within the State in all matters as if no consolidation had taken place. Land and building corporations may consolidate. § 2306. Railroad corporations not owning competing lines may consolidate. § 2178.

Amendment of Charter. Is provided for only for specific purposes. (See under § 7, "Increase or Decrease of Capital Stock"; under § 5, "Renewal of Corporate Existence"; under § 9, "Number of Directors" and § 11, "Principal Office.")

7. Capital Stock.

Amount. Not prescribed. Must be stated in articles of incorporation. § 2089.

Initial Payment. None prescribed but amount actually subscribed must be stated in the articles of incorporation. § 2089.

Consideration for Issue. No corporation shall issue any stock as paid up, or credit any amount, or assessment as paid, except for money, labor or services actually received by the corporation or paid on debts of the corporation. § 2119; Const., Art. XI, § 9.

The Constitution also declares all fictitious increase of stock void, and it has been held that stock can not be increased to represent an increased value of the property in which the original capital was invested. *Fitzpatrick v. Pub. Co.*, 83 Ala. 604.

Assessments may be levied by the directors after one-fourth the capital stock has been subscribed. § 2125. No one assessment must exceed ten per cent. of the amount of the capital stock, unless the whole capital has not been paid up and the corporation is unable to meet its liabilities, when the assessment may be for the full amount unpaid on the capital stock. § 2126. No assessment may be levied until the previous one has been fully paid, or all steps taken to enforce payment. § 2127. Manner of levying and enforcing assessments prescribed. §§ 2128-2143.

Increase or Decrease. This can be effected by a majority of the directors voting to call a meeting of the stockholders for that purpose. Thirty days' personal or published notice of the time and place of the meeting must be given. Notice must contain amount of the proposed increase or decrease. At least two-thirds of the entire capital stock must vote in favor of such increase or diminution. A certificate signed and verified by the chairman and secretary of the meeting must be made, showing strict compliance with the law, the amount to which the capital stock has been increased or decreased and the vote by which the object was accomplished. This certificate after being signed by a majority of the directors is filed in duplicate with the County Recorder and Secretary of State. § 2148.

Classes of Stock. Not provided for by law.

Par Value of Shares. Not prescribed.

Stock Certificates. To be issued when fully paid up, signed by the president and secretary. If provided for in the by-laws, they may be issued prior to full payment, under such restrictions and for such purposes as the by-laws may provide. § 2121.

8. Stockholders.

Rights and Powers. The stockholders authorize all amendments of articles. §§ 2118, 2148. They may remove directors on a two-thirds vote. § 2107. One-half of the stock may call meetings. § 2107. Three or more stockholders may obtain a warrant from justice of the peace to direct one stockholder to call and preside at a meeting. § 2108.

Liability. Each stockholder is individually and personally liable to the full amount unpaid upon his stock. § 2119.

This limitation as to liability does not apply unless the corporate name on all stock certificates, stationery and in signature to official or public documents, is followed by the word "Limited," either written or printed. § 2120.

Actions may be brought jointly or severally, but several judgment

is entered against each stockholder only to the amount found by the court to be due on his stock. § 2119; *Aulbach v. Dahler*, 43 Pac. 322.

Meetings. Meetings of the stockholders must be held at the office or principal place of business in the State. § 2116; L. 1905, p. 166. If no other provision is made in the by-laws, the annual meeting must be held on first Tuesday in June. § 2099.

Notice. Of annual meeting must be given by publication (§ 2098), unless otherwise provided in the by-laws. L. 1905, p. 163. (See "First Meetings," under § 4.) Meetings may be held without notice by waiver and consent of all the stockholders. §§ 2114, 2115.

Quorum. Is constituted by a majority of the subscribed stock. § 2109.

Voting. Must be by ballot. Voting by proxy is permitted (§ 2104), mode to be prescribed by by-laws (§ 2100), or by representative. § 2109. Cumulative voting is provided for (§ 2104), in accordance with Art. XI, § 4 of the Constitution. Stock to be voted must have stood in the name of the voter on the books of the company at least ten days prior to meeting. § 2109.

9. Directors.

Number. The directors must not be less than three nor more than fifteen. § 2102; Laws of 1905, p. 164. The number may be changed, within the limits stated, by a majority vote of the stockholders. § 2089. They may be divided into three classes. *Id.*; L. 1905, p. 161.

They may be removed by a two-thirds vote of the stock at a regular meeting called on notice specifying that purpose, given as for elections, or according to by-laws; such meeting to be called by the president, or a majority of the directors, or by one-half of the voting stock. If the secretary refuses to send out notices according to such request, the notices may be sent out by stockholders directly, as prescribed. § 2107.

Qualifications. Directors of corporations for profit must be holders of stock of the corporation in an amount to be fixed by the by-laws, and at least one must be a citizen and *bona fide* resident of the State. § 2102; Laws of 1905, pp. 161-165. Their compensation is fixed by the by-laws. § 2100.

Powers. The making, amending or repealing of by-laws may be delegated to the directors by a two-thirds vote of the stock. § 2101. They may fill vacancies on the board. § 2102. They continue as trustees on dissolution, with full power to settle the corporate affairs, unless other trustees are appointed by court. § 2159.

Liability. For making dividends otherwise than from surplus profits, and for dividing or paying to the stockholders any part of the capital stock, and for reducing or increasing the capital stock, except as provided by law, the directors under whose administration the same occurred (except those absent, and those entering their dissent at large on the minutes at the time) are jointly and severally liable to the full amount of such improper payments. § 2106. Officers making any false certificates, reports or public notice are jointly and

severally liable for all damages resulting therefrom. § 2113. The Penal Code (§§ 5010-5026) declares the various acts of mismanagement of corporations above mentioned misdemeanors, and every director is deemed to possess knowledge (§ 5019), and to have concurred, if present, unless requiring in writing his dissent to be entered on the minutes, or if absent, and the unlawful act appears of record, unless resigning within six months thereafter, or requiring in writing within that time his dissent to be entered on the minutes. §§ 5020, 5021.

Meetings. Meetings of directors may be held within or without the State as specified in the by-laws. L. 1905, p. 164. When no provision is made in the by-laws for regular meetings of the directors and the mode of calling special meetings, all meetings must be called by special notice in writing, to be given to each director, if within the State, by the secretary on the order of the president, or, if there be none, on the order of two directors. § 2117. A majority of the board of directors constitutes a quorum sufficient for the transaction of business. § 2105; L. 1905, p. 165.

Executive Committee. An executive committee may be appointed by the directors of railroad, wagon road, telegraph and telephone companies. L. 1905, p. 165.

10. Officers.

A president—who must be a director—a secretary and a treasurer are prescribed. § 2105. Their duties and compensation, manner of election and term of office may be provided for in the by-laws. § 2100.

11. Principal Office.

One must be maintained in the State. It may be changed by consent in writing of two-thirds of the stock, such consent to be filed, and notice thereof published once a week for three successive weeks, giving the name of the county where the principal office is situated and that to which it intends to move. § 2118.

12. Corporate Books.

All corporations for profit must keep a record of all their business transactions; also a journal of all meetings of their directors, members or stockholders. This journal must set forth every act done at meetings or ordered to be done; who were present and who absent; and, if so requested by any one, the time must be noted when such party entered and left the meeting. On similar request the ayes and noes must be taken and recorded. All protests must, on request, be entered in full. § 2150.

Also a "Stock and Transfer Book," showing alphabetically the names of all stockholders; installments paid and unpaid; assessments levied and paid or unpaid; a statement of every transfer or alienation of stock, with date, and by and to whom; and all other matters which may be required by the by-laws. §§ 2151, 2122. A "Book of By-Laws" is prescribed. § 2101.

Where Kept. The "Book of By-Laws" is expressly directed to be kept at the principal office in the State. § 2101. It is obviously contemplated that all other corporate records are to be kept there as well, though not expressly required.

Examination of. The record and stock books are to be open to the inspection of any director, member, stockholder or creditor. § 2151. "Book of By-Laws" is to be open to inspection of the public during office hours. § 2101.

13. Reports.

No reports are required, except of irrigation companies (§ 2613); land and building companies (§ 2304); and annual affidavit of labor and improvement on mining claims. § 2565.

Publication of notices may be avoided by personal service or by unanimous waiver. §§ 2098, 2114, 2148. Other publications required are of change of principal place of business (§ 2118), notices of assessments and delinquent sales. §§ 2129-2133.

14. Foreign Corporations.

How Authorized to Do Business. No foreign corporation shall do any business in the State without having one or more known places of business, and an authorized agent or agents therein on whom process may be served, nor shall it have or enjoy any greater rights or privileges than domestic corporations. Const., Art. XI, § 10. These provisions are carried into effect by § 2162, which provides for the filing of such designation of agent in the office of the Secretary of State and in the office of the clerk of the district court of the county in which the corporation has its principal place of business, in which county the agent must also reside. § 2162. And the Laws of 1903, p. 49, provide that every foreign corporation before doing business in the State, must file a copy of its articles of incorporation, duly certified by the Secretary of State of the state of its incorporation, in the office of the recorder of the county in which is designated its principal place of business and a copy certified by such recorder, with the Secretary of State, paying the same fees as domestic corporations.

Penalties for Non-Compliance. Every corporation failing to comply shall be denied the benefits of the Statute of Limitations of the State and all contracts and deeds of real estate made prior to compliance shall be void and unenforceable in the State courts. Laws of 1903, pp. 49-50.

Taxation. Foreign corporations pay the same fees as domestic corporations. Laws of 1903, p. 49. No special provisions.

Books and Reports. The Laws of 1903 further give all foreign corporations complying with its provisions all rights and privileges (including right to exercise right of eminent domain), and subjects them to all the laws of the State applicable to domestic corporations.

L. 1903, p. 50; Const., Art. XI, § 10. Stockholders' liability is the same as those of domestic corporations. § 2119.

The penal provisions against directors and officers for mismanagement apply equally to domestic and foreign corporations. Penal Code, §§ 5010-5026, § 5022.

Attachments Against. Foreign corporations are for the purposes of jurisdiction, non-residents. *Boyer v. R. R. Co.*, 8 Idaho 74; 66 Pac. 826. They do not acquire residence by designating an agent. Attachments will lie against them as non-residents. C. C. Pro., §§ 3294, 3295.

15. Combinations and Monopolies.

Art. XI, § 18, of the Constitution provides: "No incorporated company shall directly or indirectly combine or make any contract with any other company, through the stockholders or assignees of stockholders or in any manner whatsoever for the purpose of fixing the price or regulating the production of any articles of commerce or of products of the soil, or of consumption by the people."

ILLINOIS.

1. Corporation Laws.*

Constitution. (1870.) Special legislation granting to any corporation any special or exclusive privilege or franchise is prohibited. Art. IV, § 22. No corporation to be created by special law except charitable, educational, or reformatory corporations under control of the State. Art. XI, § 1. General laws shall be passed governing the organization of corporations. Id. Cumulative voting is prescribed. Id., § 3.

Statutes. The general corporation law of Illinois is contained in Hurd's Revised Statutes, 1903, Ch. 32, with amendments of L. 1905, pp. 123-132. Special provisions apply to railroads, street railroads, telegraph and telephone, road and bridge, warehouse and canal companies, banks, insurance, cemetery and co-operative companies and some few other special corporations.

Under the general law corporations may be formed for any lawful purpose except banking, insurance, real estate brokerage, operation of railroads and the business of loaning money. § 1.

2. Taxes and Fees.

Organization Expenses. To Secretary of State, before license will issue: On capital stock not exceeding \$2,500, \$30; over \$2,500 but not exceeding \$5,000, \$50; for capitalizations over \$5,000, \$50 for first \$5,000 and \$1 on each additional \$1,000. Ch. 53, § 10a. Filing fee, \$1; affixing certificate and seal to articles of incorporation, \$1; certificate without seal, 25 cents; for copies and recording, 15 cents per hundred words. Id., § 10. To Recorder of Deeds, 10 cents per hundred words for recording and copies, and 25 cents for certificate. Id., § 54; L. 1905, pp. 263, 266.

Franchise Tax. None imposed.

Local Taxation. Stock in the hands of individuals is not taxed when corporation pays tax on property or stock. Excess value of stock over tangible assets is taxed to corporation. Ch. 120, §§ 3, 32; L. 1905, p. 354. Coal mining, manufacturing, mercantile, printing, newspaper and stock-breeding corporations are exempt from returns of and tax on capital stock. Ch. 120, §§ 3, 32; L. 1905, pp. 354, 355.

* Except as otherwise noted, references are to Hurd's Revised Statutes, 1903, and sections are of Ch. 32 of such statutes.

Personal property is listed between May 1st and July 1st when required by the assessor. Ch. 120, § 5; *The Hub v. Hanberg*, 211 Ill. 43 (1904). (See § 13, "Reports.")

General. To Secretary of State: On increase of stock, \$1 for each \$1,000 above a total capitalization of \$5,000, and \$1 for filing certificate of increase (Ch. 53, § 10a); filing any other certificate, \$1 (Id., § 10); filing annual report, \$1. § 193. The cost of publication of notices and amendments will amount to from \$5 to \$15.

3. Incorporation.

Incorporators. Must be not less than three nor more than seven. § 2. No requirements as to residence.

Formation.

1. **Statement of Incorporation.** Must be signed and acknowledged by each of the incorporators, and set forth (§ 2):

(1) Name of proposed corporation. No license will be issued for a company having a name the same or similar to an existing company. §§ 2, 50.

(2) Object for which it is formed. Plurality of objects permitted.

(3) Amount of capital stock and the number of shares of which the stock shall consist. Shares shall not be less than \$10 nor more than \$100 each. § 7.

(4) Location of principal office, giving town, street and number.

(5) Duration of the corporation, not exceeding ninety-nine years.

2. **First Filing.** This statement is filed with the Secretary of State, who thereupon issues a license to the incorporators as commissioners to open books for subscription to capital stock, at such times and places as they may determine. § 2.

3. **First Meeting.** As soon as may be after the capital stock has been fully subscribed, the commissioners must convene a meeting of all the subscribers, for the purpose of electing directors or managers and transacting any other necessary business. Notice must be given each subscriber by mail at least ten days before the meeting. § 3. The subscribers may attend in person or by proxy. § 3, Const., Art. XI, § 3. Meeting must be held within the State. § 20.

4. **Commissioners' Report.** After first meeting has been held and organization completed, the commissioners make a full report of the proceedings at the meeting, including the notice, the names of the directors or managers elected, with their respective terms of office, a copy of the subscription list, a statement of the amount of capital, not less than one-half, actually paid in, the amount of such capital not paid in, what disposition has been made of the stock subscribed and not paid, and if any

proportion of the stock has been paid in property, the same shall be appraised by the commissioners and they shall report the fair cash value thereof. § 4; L. 1905, p. 131.

5. **Final Filing.** This report is sworn to by at least a majority of the commissioners, and together with a statement setting forth the post-office address, including street and number, of the office of the corporation, is filed with the Secretary of State, who thereupon issues a certificate of completed organization, making a copy of all the organization papers filed in his office, duly authenticated by him, as a part thereof, and the whole is then recorded in the office of the Recorder of the county in which the principal office is located. § 4.

4. Organization.

First Meetings. For first meeting of stockholders, see "Formation," subdiv. 3 under § 3, "Incorporation." At that meeting directors are elected and any other necessary business is transacted. § 3.

The first meeting of directors can not be held until after issuance of certificate of organization by the Secretary of State. The directors then meet, adopt by-laws and elect officers. § 6.

By-Laws. Are to be adopted by the directors. § 6. Must provide for calling meetings of directors (§ 20); may prescribe notice and quorum at all meetings (Id.); for transfer of stock, and for stock certificates (§ 7), and generally for the government and regulation of the corporate affairs.

Certificates. (See "Commissioners' Report," subdiv. 4, under § 3, "Incorporation.")

5. Corporate Existence.

When Commenced. On recording of certificate of complete organization. § 4. Is limited to ninety-nine years. § 2. Continues two years after expiration by limitation or otherwise for the purpose of settling the corporate affairs. § 10.

Beginning Business. May be commenced forthwith and must be commenced within two years after the date of the license. § 4. But all the capital stock must be subscribed in good faith (§ 18), and one-half must be actually paid in. L. 1905, p. 131. If the incorporators assume to act as a corporation before the requirements of the law are fully complied with, they are jointly and severally liable for all debts contracted. § 18.

Renewal. No provisions. May be effected by reorganization. For thirty days after expiration or dissolution a majority of the stockholders retain the exclusive right to reorganize under the same name. §§ 28½, 49c.

Forfeiture of Charter. Charter may be forfeited for failure to commence business within two years after granting of license. § 4. If a corporation ceases to do business or exercise its corporate fran-

chises, the Attorney General may proceed in the circuit courts to dissolve it. § 149. And for violation of statutes against trusts, pools and combines, etc. (Ch. 38, § 269a-t), quo warranto lies for forfeiture of its charter rights. § 269m. Failure to file annual report is *prima facie* evidence of being out of business, and shall work a forfeiture of the charter. Procedure is set forth. §§ 193, 194 et seq.

Dissolution. May be had by a two-thirds vote of the whole capital stock, at a meeting called for that purpose, on notice signed by a majority of the directors stating time, place and object, and served personally or by mail at least thirty days before the meeting, and published three weeks in a newspaper in the county in which the principal office is located. § 49a-d. A full record of all the proceedings, showing also that all the corporate debts are paid, and assets distributed, must be executed by the president and secretary, under the corporate seal, and recorded in the Recorder's office, and notice of the dissolution published three successive weeks within three months after the dissolution. Copy of the record certified by the Recorder is filed in Secretary of State's office. § 49d.

6. Corporate Powers.

General. The usual powers are granted. § 5.

To Hold Property. This power is limited to such property as is necessary for the transaction of the corporate business. § 5; *Alexander v. Club*, 110 Ill. 65; *Barnes v. Suddard*, 117 Ill. 237. If realty is acquired in securing any debt or liability due the corporation, if not sold otherwise, it must be offered at public auction at least once a year, and if not sold in five years, the State's Attorney will proceed by information and have sale compelled. § 5. (See § 13, "Reports.")

Its Own Stock. No statutory provision. The courts, however, recognize this right when exercised in good faith, without injury to creditors. *Nat., etc. Bk. v. Co.*, 191 Ill. 128 (1901); *Ins. Co. v. Swigert*, 135 Ill. 150, 162.

Stock of Other Corporations. Mining and manufacturing companies may own stock in railroad companies running lines to or between their works. § 148. Subscriptions to stock by other corporations can be made only when power is specifically given in their charters, or necessarily implied from them. *McCoy v. Exposition*, 186 Ill. 356, 360 (1900).

To Borrow Money. This power is specifically granted. § 5. But for increasing corporate indebtedness beyond the amount of the capital stock, directors and officers become personally liable for the excess. § 16; *Coquard v. Co.*, 171 Ill. 480. Bondholders can not in any way be given the right to vote at stockholders' meetings. *Durkee v. People*, 53 Ill. App. 396; also 155 Ill. 354.

To Do Business in Other States. Acts of directors at meetings held without the State are void unless ratified by a two-thirds vote of the board at subsequent regular meeting. § 20; *State Bk. v. Bk.*, 168 Ill. 519; *Harding v. Co.*, 182 Ill. 551 (1899).

Consolidation or Merger. Is permitted with another company of the same kind or engaged in the same general business and in the

same vicinity. Procedure same as for amendments. § 50. Railroad companies owning parallel or competing lines may not consolidate. § 57.

Amendment of Charter. Charter may be amended (§ 50): To change name or place of business; to enlarge or change the object for which company was formed; to increase or decrease capital stock; to change number or par value of shares of capital stock; to change number of directors, or to consolidate with any other corporation of the same kind, or in the same vicinity. § 50. Any such amendment must be assented to by a two-thirds vote of all the stock (§ 52) given at a meeting called for that purpose on notice served personally or by mail at least thirty days before the meeting and published for three weeks. § 51. Certificate of the proceeding, verified by the president under the corporate seal, must be prepared in duplicate and one copy filed in the office of the Secretary of State. The other copy must be filed and recorded in the Recorder's office in the county in which the principal office of the corporation is located. § 53. Notice of any such amendment must also be published three weeks. § 54.

7. Capital Stock.

Amount. Not prescribed by statute. Is set forth in and fixed by statement of incorporation. § 2.

Initial Payment. The full amount of the capital stock must be subscribed before organization can be completed. § 4. At least one-half must be actually paid in in cash or property before certificate of complete organization will issue. L. 1905, p. 131.

Consideration for Issue. No direct provisions, but the statutes provide that if any proportion of the capital stock is paid for in property, the same must be appraised by the incorporators and the fair cash value thereof stated in their report to the Secretary of State. § 4, as amended by L. 1905, p. 131.

Assessments are to be levied by the directors in accordance with the by-laws, but must be *pro rata*. Suit may be brought to enforce assessment. § 15; *McCoy v. Exposition*, 186 Ill. 356.

Increase or Decrease. Is accomplished in the same manner as any other amendment, provided the decrease is not to the prejudice of creditors. § 50. (See "Amendment of Charter," under § 6.)

Classes of Stock. No provisions.

Par Value of Shares. Shall not be less than \$10 nor more than \$100. § 7. Number of shares and their par value may be changed by regular amendment. § 50. (See "Amendment of Charter," under § 6.)

Stock Certificates. Are to be provided for in by-laws. § 7.

Transfer of Stock. Is to be made as provided by the by-laws (§ 7), but every transfer of stock on which any instalment remains unpaid must be recorded in the Recorder's office. Assignor and assignee are jointly liable. § 8.

8. Stockholders.

Rights and Powers. The stockholders may amend the organization papers by a two-thirds vote. §§ 49, 50. Two-thirds of the full paid stock may compel meetings. § 22. Stockholders may change number of directors by majority vote. §§ 6, 59-64; *Harding v. Co.*, 182 Ill. 551 (1899).

Liability. Stockholders are liable for the corporate debts to the extent of the amount unpaid on their stock. § 8. For assuming to act as a corporation without complying with the provisions of the law, and before all the stock named in the articles of incorporation is subscribed in good faith, the persons so acting are jointly and severally liable for all debts contracted. § 18. On stock assigned before it is fully paid, assignee and assignor are jointly and severally liable. § 8. If assignee has notice that such stock is not fully paid, he is primarily liable. *Parmelee v. Price*, 208 Ill. 544 (1904); *Foote v. Bank*, 194 Ill. 600 (1902); *Co. v. Co.*, 205 Ill. 42 (1903).

Meetings. Must be held within the State. § 3.

Notice. May be prescribed by by-laws. If not so prescribed, thirty days' notice personally or by mail and three weeks' publication must be given. §§ 22, 51. Two-thirds of the full paid stock may call meetings on all signing notice and filing copy thereof with the president, sending one copy to each director and publishing copy three weeks. The secretary must record all the facts. § 22.

Quorum. Is prescribed by by-laws.

Voting. May be by proxy. § 3. Cumulative voting at elections is provided for (§ 3; Const., Art. XI, § 3), and directors or managers are not to be elected in any other manner. *Id.*

9. Directors.

Number. Must be not less than five nor more than eleven. §§ 50, 59. Classification into three classes is permitted (§ 3); also change of number, by majority vote of the stock. §§ 6, 50, 59-64. (See "Amendment of Charter," under § 6.)

Qualifications. No statutory requirements. Directors of railroad corporations must be stockholders. *Durkee v. Askren*, 155 Ill. 354.

Powers. Directors have power to adopt by-laws. They are to fix compensation of officers. They have general control of the property and affairs of the corporation. § 6.

Liability. If the corporate debts at any time exceed the amount of the capital stock, the assenting directors are personally liable for such excess. § 16. So also for declaring any dividend when company is insolvent or which would render it insolvent, or diminish its capital stock, they are liable to the extent of corporate debts then existing and contracted while they remain in office. § 19. They are also liable for debts if they assume to act as a corporation before capital stock has been fully subscribed for in good faith. § 18; *Kent v. Clark & Co.*, 181 Ill. 237 (1899).

Meetings. Must be held within the State, but the proceedings of directors' meetings held without the State may be ratified by a two-

thirds vote of the entire board at a regular meeting held within the State. § 20. Notice is to be prescribed in by-laws, but when all are present and sign written consent on the record, no notice is required. Id. Quorum must be prescribed in the by-laws.

Executive Committee. No provisions.

10. Officers.

General. A president, secretary and treasurer are prescribed and such other agents as may be appointed by the directors. § 6. Officers signing any report or public notice, false in any material representation, are jointly and severally liable for all damages arising therefrom. § 21. (See also "Liability," under "Directors," § 9.)

11. Principal Office.

One must be maintained in the State and its location, with street and number, given in statement of incorporation, before certificate of organization is obtained. It must be likewise stated in annual report. § 193. It may be changed by regular amendment. §§ 50-58. But no such removal will be allowed from a town, county or municipality which has contributed, or any of its inhabitants have contributed, some material inducement to such corporation to locate there. § 50.

12. Corporate Books.

What Required. Correct books of account must be kept. § 13.

Where Kept. The books of account must be kept at the principal office or place of business in the State. § 13.

Examination of. Every stockholder has the right to examine the account books at all reasonable hours personally or by attorney. § 13; Coquard v. Co., 171 Ill. 480.

13. Reports.

An annual report is required to be filed with the Secretary of State, between February 1st and March 1st, stating the location of the principal office of the corporation in the State, with town, street and number; the names of its officers and their residences, giving town, street and number, and the dates of the expiration of their terms; whether or not the corporation is pursuing an active business under its charter, and the kind of business engaged in. This report is to be signed and acknowledged by the president, or some other officer of the corporation, under the corporate seal. A fee of \$1 is paid on filing. § 193; People v. Rose, 207 Ill. 352.

Within twenty days from December 1st of each year, the president, secretary or treasurer of any stock corporation must file in the office of the Secretary of State and record in the Recorder's office of the county a duly verified statement and description of any real estate acquired during the year in securing any debt or liability due the corporation, with the date of acquiring title. § 17.

Within thirty days after September 1st of each year, an affidavit must be sent to the Secretary of State, on form supplied by him, showing that the company is not guilty of any act in violation of the laws against trusts. (See § 15, "Combinations and Monopolies.") A fine of \$50 is prescribed for each day's failure to file this report. Ch. 38, § 269h.

Every corporation, except coal mining, manufacturing, mercantile, printing, newspaper or stock-breeding corporations, must file with the assessor of the district in which the office or place of business is located, in addition to the schedule of other property to be listed, a sworn statement of its capital stock, stating: (1) Name and location of company; (2) amount of capital stock authorized; number of shares into which it is divided; (3) amount paid up; (4) market value, or if none, actual value of shares; (5) total amount of indebtedness, except for current expenses; (6) assessed valuation of all tangible property. Ch. 120, § 32; L. 1905, p. 354. Report must be made between May 1st and July 1st.

Publication is required for notices of meetings, for all amendments and of dissolution. All such publications must be made in a newspaper published in the county in which the principal office or place of business is located. §§ 3, 22, 51, 54.

14. Foreign Corporations.

How Authorized to Do Business. Application by the corporation to the Secretary of State must be duly sworn to by its president and secretary, stating: What business it purposes to pursue; the amount of its capital stock; whether it is transacting or intends to transact business in any other state or country; proportion of business to be carried on in Illinois; amount paid in on its capital stock; what property and assets (with an estimate of the value thereof) will be employed in the State of Illinois; if any of its capital has not been paid in, what disposition is to be made thereof; the names of its president, secretary and directors, and their residences; location of its principal office in Illinois, and name and address of some attorney in fact on whom process may be served; also if required by the Secretary of State, the names and residences of all the stockholders as shown by the corporate records. The corporation must also file therewith a duly authenticated copy of its charter or articles or certificate of incorporation. The Secretary of State has full power of further examination into the affairs of the corporation, and information thus obtained is filed together with the copy of its charter and acts as a limitation on its powers. The Secretary of State thereupon issues a certified copy of all the papers and a certificate of authority stating the object and powers to be exercised by such corporation in the State. *Trust Co. v. R. R. Co.*, 208 Ill. 419. Fees are the same as organization fees of domestic corporations, and are computed on the amount of capital stock employed within the State. L. 1905, pp. 124-126; *Barnes v. Suddard*, 117 Ill. 237.

Penalties for Non-Compliance. Fine of not less than \$1,000 and not more than \$10,000, to be recovered at the suit of the State. L. 1905, p. 126. Agents and officers are also guilty of misdemeanor, punishable by fine of \$200 to \$1,000 for each offence (*Id.*, p. 127), and no suit may be maintained in the State Courts.

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For violation of statutes against trusts, foreign corporations forfeit their right to do business in the State and are also subject to fine of \$50 for each day's failure to file affidavit as required by those statutes. They are also subject to all the regulations, liabilities, restrictions and duties imposed on domestic corporations. § 26; L. 1905, p. 124; *Ins. Co. v. Bauerle*, 143 Ill. 459; *G. S. Prov. Assn. v. Lloyd*, 145 Ill. 620.

Taxation. Of property same as for domestic corporations.

Books. Proper books must be kept at the principal office or place of business in the State. § 26; L. 1905, p. 124.

Reports. Every foreign corporation admitted to do business in the State must keep constantly on file with the Secretary of State an affidavit of the president and secretary, showing location of its principal office in the State and the name of a person in said office on whom process may be served. Must also make annual reports and returns as required of domestic corporations. They are also subject to examination by the Secretary of State at any time, and their authority may be revoked by him on cause shown. L. 1905, pp. 124-126.

Attachments Against. No special provisions.

15. Combinations and Monopolies.

Trusts, pools and combines, and trusts and conspiracies against trade are prohibited under fines of from \$50 to \$15,000 for repeated offences, and forfeiture of charter by quo warranto proceedings. Foreign corporations also forfeit right to do business in the State. An affidavit in form prescribed by the Secretary of State, must be filed with that officer annually about September 1st, certifying that the corporation has not violated the provisions of the anti-trust law. Penalty for failure, \$50 for each day. Ch. 38, § 269a-t. These statutes have been upheld by the courts. *Harding v. Glucose Co.*, 182 Ill. 551 (1899); *Chicago, etc. Co. v. People*, 214 Ill. 421 (1905).

INDIANA.

1. Corporation Laws.*

Constitution. (1851.) Corporations, other than banking, shall not be created by special act. Art. XI, § 212. State not to take stock in or loan credit to any corporation. *Id.*, § 211.

Statutes. In Burns' Annotated Statutes of Indiana, Revision of 1901, §§ 3423-3452, are found general provisions applicable to all corporations; in §§ 3453-3461, provisions for foreign corporations; §§ 4583-4622 relate to voluntary associations; and in §§ 5051-5128 are found special provisions for manufacturing and mining companies. Agricultural, bridge, building, canal, navigation, board of trade, detective, drainage, hydraulic, oil and natural gas, steam packet, insurance, railroad, street railway, surety, telegraph, telephone, turnpike, trust and deposit, town building, water works, tobacco warehouse, patrons of husbandry, foreign investments, as well as religious, educational and voluntary associations are provided for in §§ 4444-5540. Amendments are found in L. 1903, Chs. 29, 37, 73, 122, 128, 152 and 220, and L. 1905, Chs. 139, 151.

Under §§ 5051-5128 corporations may be formed to carry on any kind of manufacturing, mining, mechanical, real estate, mercantile or chemical business. § 5051; L. 1905, Ch. 139. Other purposes are enumerated under voluntary associations. §§ 4583-4622.

2. Taxes and Fees.

Organization Expenses. To Secretary of State: For filing articles of association, on capitalization of \$10,000 or under, \$10; over \$10,000, one-tenth of one per cent. (§ 7631); for recording the articles, \$1 if not over 200 words, and 10 cents for each additional 100 words; 50 cents for certificate. § 6407.

To Recorder of Deeds, 10 cents per folio, but first 600 words, \$1. Certificates, 25 cents; certificate and seal, 50 cents. § 6523.

Franchise Tax. None imposed.

Local Taxation. Special tax provisions apply to banks, railroads, street railroads, telegraph companies, insurance and gas companies, etc. (§§ 8469-8507; L. 1903, Ch. 29), but shares of domestic corporations, except banks, are not taxed where the property represented is taxed. §§ 8411, 8492. Manufacturing, mining and other corporations make returns between March 1st and May 15th of each year (See § 13, "Reports"), and on failure to do so, State Auditor assesses and adds twenty-five per cent. §§ 8491-8493.

* Sections given are of Burns' Statutes, 1901.

General. Consolidation is considered as creating a new corporation and for filing certificate to effect it, or to increase capital stock, the same fees are charged as upon original incorporation. On reduction of capital, change of name, domicile or purpose, a fee of \$5 must be paid and on other amendments and certificates, 20 cents per folio, with minimum fee of \$5; no charge for filing certificate of election. §§ 7631, 7632.

3. Incorporation.

Incorporators. Must be three or more. § 5051. No requirements as to residence.

Articles of Association. Must be signed and acknowledged in duplicate by each of the incorporators, and specify (§§ 4583, 5051; L. 1903, Ch. 73):

(1) The corporate name, which must not be similar to that of any other association incorporated in the State.

(2) Amount of capital stock, number of shares, and amount of each share, which must not exceed \$100. § 5058. No limitations as to amount of capital stock. (See § 7, "Capital Stock.")

(3) Objects of the association with the proposed plan of doing business fully set out. More than one business may be stated by manufacturing, mercantile and mining companies. L. 1905, Ch. 139.

(4) Name and place of residence of each incorporator.

(5) Principal place of business. Must be within State. (See § 11, "Principal Office.")

(6) Term of existence. Of corporations for profit must not exceed fifty years. §§ 4583, 5051. For other corporations it may be perpetual.

(7) A description of the corporate seal.

(8) Manner of election or appointment of directors and officers.

(9) Number of trustees, directors or managers, with the names of those who shall manage the corporate affairs for the first year.

Filing and Recording. The articles of association are first presented to the Secretary of State, with full statement of proposed plan of doing business. The Secretary of State, if articles are approved by him and the required fees are paid, files and records same and issues a certificate of incorporation. A duplicate of the articles of association is filed and recorded in the Recorder's office of the county in which the principal place of business is located. § 4595n. A copy is also filed in the office of the State Auditor. § 4595p.

4. Organization.

First Meetings. Of stockholders must be called by notice signed by three or more members, at least ten days before the meeting, personally or by publication in some state newspaper published in or nearest to the county in which the corporation is established. § 3427. Must be held within the State at principal place of business. §§ 3447, 5126.

The first board of directors is named in the articles of association. §§ 4583, 5051. No special provisions as to its first meeting. It elects a president, who must be a director, and also elects a secretary and a treasurer, who may be the same person. §§ 4610, 5055.

By-Laws. Must be adopted by the incorporators. They are not prescribed as to scope or contents. A copy of all by-laws must be filed with the State Auditor. § 4595p.

Certificates. When organization is completed, a statement thereof may be filed with the clerk of the circuit court of the proper county, and the court may thereupon enter an order declaring the existence of the corporation, which order shall be conclusive as to that fact. § 3423.

5. Corporate Existence.

When Commenced. Does not commence until articles of association are filed with Secretary of State and in Recorder's office. §§ 4595, 5052. Of corporations for profit is limited to fifty years. §§ 4583, 5051. Continues for three years after expiration by limitation, forfeiture or otherwise for purpose of settling affairs. § 3429. Can not be questioned collaterally. *Marion Bond Co. v. Co.*, 160 Ind. 558 (1902). Order of court declaring corporate existence is conclusive. § 3423.

Beginning Business. May be commenced forthwith.

Renewal. In case of manufacturing, mercantile and mining companies, may be had by a vote of the stockholders at an annual meeting, but not to exceed fifty years from its first organization. § 5058. Certified copy of the record and proceedings must be filed with the Secretary of State within thirty days. *Id.*

Forfeiture of Charter. For any usurpation of power, or violation of law, the court may in its discretion declare a forfeiture of the corporate franchises. §§ 1145-1160. Also for violation of laws against unlawful combinations. § 3312h,s. When any judgment against the corporation remains unpaid for one year without stay or appeal, the circuit court may declare the franchise forfeited and appoint a receiver. § 3439. The State Auditor has visitorial power over corporations and may cause proceedings for injunction, receivership or quo warranto. § 4595p.

Dissolution. May be had by unanimous vote of the board of directors, sustained by similar vote of the stockholders at a meeting called by prescribed notice. The consent of all mortgagees and

judgment creditors of the corporation must be obtained in writing. All such consents, duly certified, and a list of the names and residences of all directors and officers are filed with the Secretary of State, who issues duplicate certificates of filing, one of which is filed with the County Recorder, and a copy published in a newspaper in English two weeks. L. 1903, Ch. 152.

6. Corporate Powers.

General. General powers are enumerated. §§ 3425, 45950. They may be enlarged by written consent of all the stockholders, acknowledged, filed and recorded as were the original articles. § 5078.

To Hold Property. This power is given to business corporations in general terms. §§ 45950, 45958. Manufacturing companies may hold real estate necessary to carry on their business, and such as may be taken to secure or pay indebtedness. §§ 5053, 5078. A majority vote of preferred stock is required to convey and mortgage. § 5068. Unless restrained by statute a corporation may deal with its property the same as may a natural person. *Levering v. Bimel*, 146 Ind. 545.

Its Own Stock. No provisions.

Stock of Other Corporations. A manufacturing, etc. company may not use its funds in the purchase of stock of any other corporation except on the written consent of all the stockholders, both of the purchasing and the selling corporation. § 5059. Manufacturing companies may take and hold stock in water works companies. § 5087.

To Borrow Money. This power is fully given for corporate purposes (§ 3442), with power to issue bonds. § 45950.

To Do Business in Other States. This power is granted as to any other state or territory of the United States, and applies specially to manufacturing, mercantile and mining companies. § 5078. But office may not be moved to another state. *Aspinwall v. Co.*, 20 Ind. 492, 498. Corporations may make contracts outside of the State and for that purpose directors may meet outside the State. *Wright v. Bundy*, 11 Ind. 398.

Consolidation or Merger. Is fully permitted (§ 3424), and is to be accomplished practically as original incorporation. Certified copies of original charters must be filed. *Chicago, etc. Co. v. State*, 153 Ind. 134. Merger of manufacturing, etc. companies organized for similar purposes is provided for. L. 1903, Ch. 220.

Amendment of Charter. No general provisions exist, but amendments are provided for under the various subjects in which changes may be made. Most of them may be made by the directors. No such amendments, however, are of legal effect until a certificate thereof is filed with the Secretary of State and recorded in the Recorder's office in which the original articles were filed. § 4617. Name may be changed by resolution of board of directors (§ 3452) or by petition to the court under Code of Civil Procedure, certified copy of decree

to be filed with Secretary of State within ten days after entry. §§ 1012-1016, 7631; L. 1905, Ch. 151. (See under § 7, "Increase or Decrease;" also under § 9, "Powers of Directors.")

7. Capital Stock.

Amount. Is to be stated in articles of association. Law prescribes no limit (§ 5058), except as to natural gas companies, in which the capital stock must not exceed \$2,000,000. L. 1903, Ch. 128.

Initial Payment. Within eighteen months from the incorporation of manufacturing, mercantile and mining companies, the entire capital stock must be paid in. § 5060. Certificate of full payment must be signed by the president and majority of the directors and recorded with the clerk of the circuit court of the county within thirty days after payment. § 5062.

Consideration for Issue. May be necessary property or labor at its fair cash value, but transaction must be *bona fide*. Coffin v. Ransdell, 110 Ind. 417 (1886); Clow v. Brown, 150 Ind. 185 (1897).

Assessments may be made at discretion of directors in manufacturing, mercantile and mining corporations for amounts unpaid on stock subscriptions. On failure to pay for thirty days after call, treasurer may sue, or by giving three weeks' notice in a newspaper in the county, if any, or by posting in three public places, may sell a sufficient number of shares. §§ 3425, 5061.

Increase or Decrease. Capital stock of manufacturing, etc. companies may be increased by a two-thirds vote of the outstanding stock at a meeting held on not less than ten days' notice, a certified copy of the record and proceedings being filed with the Secretary of State within thirty days thereafter. § 5058; L. 1903, Ch. 37. Reduction may be made by the stockholders at a meeting called for that purpose, a certified copy of the vote to be filed in the office of the clerk of the circuit court within thirty days thereafter, and a duplicate in the office of the Secretary of State. § 5063.

Classes of Stock. Preferred stock not exceeding double the amount of the common stock may be issued in shares of not more than \$100 each, if provided for in certificate or articles of association. §§ 5064, 5065. Or it may be authorized by three-fourths vote of the common stock at any legal meeting. In the latter case a certificate signed by the president, attested by the secretary and duly acknowledged, must be filed with the Secretary of State within thirty days thereafter, showing the amount of preferred stock, the number of shares, and the amount of each. § 5066. Preferred stock is entitled to dividends not to exceed eight per cent. per annum, and at all times to have priority over common stock to extent of its face value, and arrears of interest and dividends. § 5067. Preferred stock is to be at all times redeemable at par on terms stated in the certificate. § 5067; L. 1903, Ch. 122. Preferred stockholders are not liable for corporate debts, and have no vote, except on conveying or mortgaging real property and on declaring dividends on the common stock to the impairment of capital, in both of which cases a majority vote of such stock is necessary. § 5068. Certificate of redemption of such stock must be filed within thirty days thereafter. § 5069.

Par Value of Shares. Is not to exceed \$100 each. §§ 4583, 5058, 5064. The amount may be changed by a vote of two-thirds of the board of directors. § 3449.

Stock Certificates. The certificates for shares must be issued in progressive order, and every stockholder is entitled to a certificate signed by the treasurer. § 3425.

Transfer of Stock. Is to be governed by by-laws. §§ 4595, 5059.

8. Stockholders.

Rights and Powers. The stockholders make by-laws, may enlarge powers of corporation (§§ 3425, 5078), elect directors, control increase or reduction of capital stock (§§ 5058, 5063; L. 1903, Ch. 37), and, by unanimous or three-fourths vote, dissolution (L. 1903, Ch. 152), purchase of stock of other corporations (§ 5059), or issue of preferred stock (§ 5066), but do not have all the usual powers of amendment, some of which are conferred upon the directors.

Liability. Stockholders of manufacturing, mercantile and mining companies shall be liable only for the amount of stock subscribed by them respectively, except as to debts to laborers and employees, for which they are individually liable. § 5077.

In other corporations in case of insolvency, each stockholder is liable in an amount equal to the amount of his stock at the time the debts were contracted, and the directors, with the assent of the stockholders, may increase this liability to three times the amount of such stock. Resolution fixing such liability to be filed with Secretary of State. §§ 3451, 5128. If stock be withdrawn or refunded to the stockholders before payment of the corporate debts, the stockholders are jointly and severally liable for such debts. § 3430.

Meetings. Must be held at the principal place of business named in the charter, or as subsequently changed. §§ 3447, 5126. Time for annual meeting for election of directors of manufacturing or mining company may be fixed in articles of association. L. 1903, Ch. 37.

Notice. No statutory provisions. May be prescribed by by-laws.

Voting. Each stockholder shall have one vote for each share of stock held by him ten days previous to the meeting. §§ 3425, 3447, 5126.

Proxies. Voting by proxy is permitted, manner to be prescribed by the corporation. §§ 3425, 5055.

9. Directors.

Number. The directors of manufacturing, mercantile and mining corporations shall be not less than three nor more than eleven. § 5054. The number may be changed to any number not exceeding thirteen, by a resolution of the board. §§ 3448, 5127.

Qualifications. Directors of manufacturing, mercantile and mining corporations must be stockholders and residents of the United States. § 5054.

Powers. They fill vacancies in the board (L. 1903, Ch. 37), may change the corporate name (§ 3452), their own number (§ 3448), the par value of shares (§ 3449), and the place of business. § 3446. They are trustees on voluntary dissolution. L. 1903, Ch. 152.

Liability. For knowingly declaring and paying any dividend when the company is insolvent or which renders it insolvent, assenting directors are jointly and severally liable for existing corporate debts. To avoid liability dissenting directors must file their written objection with the secretary of the company and the county clerk § 5075. For failure to file certified copy of vote reducing capital stock, directors of manufacturing and mining companies are jointly and severally liable for corporate debts contracted after the thirty days' limit allowed for filing and before they file the required certificate. § 5063. For failure to file certificate of redemption of preferred stock, the liability is the same. § 5069; *Clow v. Brown*, 150 Ind. 185.

Meetings. May be held without the State. *Wright v. Bundy*, 11 Ind. 398. Quorum must be a majority. § 5054. No provisions as to notice.

Executive Committee. No provisions.

10. Officers.

A president, elected by the directors from their number, is prescribed for manufacturing, mercantile and mining companies (§ 5054); also a secretary and treasurer, who must give bonds and be sworn. One person may hold both of these offices. § 5055.

Liability. For materially false representations in any certificates, reports or public notices, or for failure to make required reports or notices, with resulting injury, the officers signing the same, knowing them to be false, or who are guilty of any such failure, are jointly and severally liable for resulting damages. § 5073. Also for issuing stock as full paid when it is not paid. *American Co. v. Ellis*, 156 Ind. 212 (1900).

11. Principal Office.

The town or city in which the principal place of business is to be located must be named in the articles of association. §§ 4583, 5125. It may be changed by the directors. §§ 3446, 5125. But must always be maintained within the State. *Aspinwall v. Co.*, 20 Ind. 492; *Id.*, 498.

12. Corporate Books.

What Required. A stock book, to contain an alphabetical list of the stockholders, with their residences and number of shares, and date of transfer of stock to them, is prescribed. § 3433. A record of all proceedings and accounts in proper books is prescribed. § 4595r.

Where Kept. The stock book is to be kept at the office or principal place of business. § 3433.

Examination of. The stock book is subject to the inspection of creditors and stockholders or their representatives during business hours, and they may also make extracts. § 3433. A penalty is imposed of \$50 for every refusal, payable to the individual refused, and an additional penalty of \$50 for every day of continued failure, to be recovered at the suit of the State. The officers or directors refusing are also liable for all damages resulting. § 3434.

13. Reports.

Every manufacturing, mercantile and mining company must annually within twenty days from January 1st, publish a report in a newspaper in or nearest to its county, stating the amount of its capital, assessments made and actually paid in, and existing debts, to be signed by the president and a majority of the directors and verified by the same officers and the secretary. § 5071; *Clow v. Brown*, 150 Ind. 185, 198.

Tax returns are to be delivered to the assessor in form prescribed by him between March 1st and May 15th of each year, under penalty of \$100 a day for each day of delay after May 15th. These returns must be duly sworn to by the president or other accounting officer, and must set forth particularly: (1) Name and location of the company. (2) Amount of capital stock authorized and number of shares into which it is divided. (3) Amount of capital stock paid up. (4) Market value or actual value of the shares of stock. (5) Total amount of indebtedness except for current expenses, excluding from such expenses amounts paid for purchase or improvement of property. (6) Value of tangible property. (7) Difference in value between tangible property and capital stock. (8) Name and value of each franchise or privilege owned or enjoyed by the corporation. § 8491; *L. 1903, Ch. 29.*

A copy of amendments and by-laws must be filed with the State Auditor (§ 4595p), who has visitorial powers.

Publication is required of annual report in January of each year. § 5071. Notice of liquidation must be published in the English language in a newspaper of the State at or nearest to the county where the principal place of business is located. *L. 1903, Ch. 152.* Notice of sale of stock on non-payment of assessment must be published three weeks. § 5061.

14. Foreign Corporations.

How Authorized to Do Business. Foreign corporations must file with the Secretary of State a certified copy of their articles or certificate of incorporation, duly authenticated, and a duly verified statement of the proportion of their capital stock represented by property located, and business transacted in the State of Indiana. On such portion of their capital stock they pay incorporating taxes and fees equal to those required of domestic corporations, except that on the first \$10,000 or under of such amount, the tax is \$25 instead of \$10. The Secretary of State thereupon issues certificate of authority stating the amount of the entire capital and also the amount thereof represented in Indiana. *L. 1903, Ch. 127.*

Agents must deposit in the clerk's office of the county in which

they propose doing business, their power of attorney or other authority under which they act (§ 3453), together with a duly authenticated copy of order or resolution or other authority of the board of directors consenting to being sued in the State of Indiana by service on such agent. § 3454.

Foreign manufacturing and mining corporations may hold, convey and mortgage real estate for the purpose of their business to the same extent as domestic corporations. § 5098.

Penalties for Non-Compliance. Inability to sue in State courts and fine of not less than \$1,000, with directions to State officers to recover and enforce the same. § 3461c. Also forfeiture of all right to do business or hold property in the State, and all contracts are rendered void (§ 3460), and agents are fined not less than \$50. § 3459. Foreign corporations are specially subject to the provisions of the anti-trust laws. § 3312h, s.

Taxation. Taxation of foreign corporations in State is same as for domestic corporations. §§ 8469-8507. Shares of foreign corporations are taxed in the hands of inhabitants of the State. § 8411.

Books. Foreign corporations must keep proper books to enable them to comply with the constitutional and statutory provisions. These books must be kept at the place for transaction of business within the State. § 3461a.

Reports. Every foreign corporation doing business in the State must annually in the month of January file with the Auditor of State a report, containing a full and complete statement of the corporate condition on December 31st of the previous year. Form prescribed by State Auditor. If it appears from this report that the corporation is solvent, the Auditor issues a license for the ensuing year. § 3030e, j.

Attachments Against. Lie on the ground of being a foreign corporation.

15. Combinations and Monopolies.

Combinations to lessen free competition or to compel manufacturers to go out of business, etc. (§ 3312g-u), are unlawful and void, and penalties are provided of forfeiture of charter and fines against individuals of from \$100 to \$5,000 and imprisonment from one to ten years. Individuals may sue for price paid for any goods the sale of which is controlled by trust.

INDIAN TERRITORY.

(See Arkansas Laws for general provisions.)

1. Corporation Laws.

31 United States Statutes at Large (1901), Ch. 379, p. 794, puts in force in the Indian Territory so far as applicable and not in conflict with previous congressional legislation, the corporation laws of Arkansas as contained in Mansfield's Digest of the Statute of Arkansas, §§ 504 to 509, and §§ 960 to 1035 inclusive (corresponding to Ch. 47, Sandels & Hill's Statutes 1894). § 1.

The substitution of necessary words in application of the law is provided for as follows: For "county," "judicial district;" for "County court," "United States courts;" for "Secretary of State," "Clerk of the United States Circuit Court of Appeals for the Indian Territory;" for "clerk of the county," "clerk of the judicial district;" for "General Assembly," "Congress of the United States"; and for "vest in the State" in § 1035, "vest in the United States," § 2.

It is further provided that the Clerk of the United States Circuit Court of Appeals is to receive the same fees and compensation as is prescribed for the Secretary of State in the Arkansas law, and that the clerk of the judicial district is to receive the same fees as for County Clerks of Arkansas. § 2.

It is also provided that companies may be incorporated under the act to construct, own and operate electric railroads, telephone and telegraph lines in the Indian Territory. *Id.*

2. Foreign Corporations.

The United States Statutes also provide that foreign corporations may be authorized to do business in the Territory, subject to the same regulations, limitations, liabilities and exercising no other or greater powers, privileges or franchises than domestic corporations. § 3.

Before beginning business they must file in the office of the Clerk of the United States Court of Appeals for the Territory, a certificate under the seal of the company and signed by the president, designating an agent residing in the places where said Court is held, upon whom service of process may be made and also designating the principal places of business of the corporation in the Territory. § 4.

Penalties for Non-Compliance. All contracts with citizens or residents of the Territory shall be void and not enforceable in any United States Court in the Territory. § 5.

Attachments Against. Lie on the ground of being a foreign corporation. Stat. 1899, § 331.

IOWA.

Enactments of 1906.

5. Corporate Existence.

Forfeiture of Charter. Any domestic corporation not maintaining an office in the State is required to authorize the Secretary of State to receive service of summons or other legal process. If it neglects to do so it shall have thirty days' notice, after which time, if it has still failed to authorize the Secretary of State as required, the Attorney General shall proceed to wind up the corporate affairs by a decree of court. L. 1906, Ch. 64, pp. 41, 42.

11. Principal Office.

If any domestic corporation does not maintain an office in the State it shall authorize the Secretary of State to receive service of summons or other legal process. Failure to comply with this requirement renders the corporate charter liable to forfeiture at suit of Attorney General of State. The authorization may be sent to Secretary of State by registered letter. L. 1906, Ch. 64, pp. 41, 42.

15. Combinations and Monopolies.

Discrimination in prices of petroleum or its products between different sections of the State, by selling at a lower rate in one section than is charged by same party in another section, is made a crime, punishable by fine or imprisonment, or both. L. 1906, Ch. 169, p. 119.

IOWA.

I. Corporation Laws.*

Constitution. (1857.) No corporation shall be created by special law. Art. VIII, § 1. Nor shall the State become a stockholder in any corporation or assume the liabilities thereof. Id., § 3. The property of corporations for profit shall be taxed the same as that of individuals. Id., § 2.

Statutes. The general corporation law is found in Titles IX, of Annotated Code of Iowa, 1897, and Supplement thereto of 1902, with amendments in the Laws of 1904, Chapters 55, 66. Chapter 1, Title IX of the Code, relates to corporations for pecuniary profit, the remaining chapters referring specially to agricultural, insurance, banking, building and loan, and water corporations. Title X refers to telegraph and telephone companies and railroads. Corporations may be formed under the general law for any lawful business. § 1607.

2. Taxes and Fees.

Organization Expenses. A fee of \$25 must be paid to Secretary of State before issue of any certificate of incorporation, and, in addition, on stock in excess of \$10,000, a fee of \$1 per \$1,000. Farmers' co-operative creamery associations are exempt, also beet sugar corporations. S., § 1610. For recording and transcripts, 10 cents per hundred words; for certificates, 25 cents; for affixing seal, 35 cents. § 1291.

To County Recorder for recording first 400 words, 50 cents; 10 cents per folio for excess. § 498. For publishing, \$1 per ten lines first insertion, 50 cents for subsequent insertions. § 1293.

Franchise Tax. None prescribed.

Local Taxation. Of property same as for individuals. Const., Art. VIII, § 2. Property used in manufacture of beet sugar is exempt, including realty to the extent of ten acres, as is also the stock of companies engaged in said business, until January 1st, 1910. S., § 1304a. Surplus capital above value of real estate is taxed. § 1323. (For tax returns, see § 13, "Reports.") Bank v. Burlington, 61 N. W. 851. Stock of mercantile and manufacturing corporations whose property is taxed is not assessed against owners. §§ 1318, 1319.

General. To Secretary of State: On increase of capital stock, \$1 for each \$1,000 of increase. § 1610. On renewal of corporate ex-

* References, except as otherwise noted, are to Annotated Code, 1897, and S. designating amendments in 1902 Supplement.

istence, \$25 and \$1 on each thousand of authorized capital above \$10,000. S., § 1618.

Recording amendments, 400 words or less, 50 cents; each additional 100 words, 10 cents. § 498. Publication of same for first insertion, \$1 for each ten lines; subsequent insertions, 50 cents. § 1293.

3. Incorporation.

Incorporators. May be any number. § 1607. A single individual may incorporate, but if name of individual or individuals are adopted, the word "Incorporated" must be added. § 1608. Failure to comply substantially with the requirements as to incorporation render the incorporators individually liable for the corporate debts. § 1616.

Articles of Incorporation. Must be signed and acknowledged by the incorporators. § 1610. The statutory provisions are not specific as to contents of these articles. A notice of incorporation is, however, prescribed in detail, and in practice the contents of this notice and the articles are substantially the same. The notice of incorporation must contain (§ 1613):

(1) Name of the corporation. No restrictions, except that names of individuals adopted as corporate names must be followed by the word, "Incorporated." § 1608.

(2) Principal place of business. Must be within the State if business is to be transacted in Iowa. § 1612.

(3) General nature of the business to be transacted.

(4) Amount of capital stock authorized and the times and conditions on which it is to be paid in. No restrictions as to amount or par value of shares.

(5) Time of commencement and termination of the corporation. Of ordinary corporations must not exceed twenty years. § 1618.

(6) By what officers or persons its affairs are to be conducted and the times when and the manner in which they will be elected.

(7) Highest amount of indebtedness to which the corporation may at any time subject itself.

(8) Whether private property is to be exempt from corporate debts. § 1613.

Filing and Recording. The articles of incorporation are recorded with the Recorder of Deeds of the county of the principal place of business and the Recorder must within five days thereafter endorse on the articles the time of filing and the book and page of record. The articles, so endorsed, are then filed and recorded with the Secretary of State, who, on payment of the prescribed fees, issues certificate of incorporation. §§ 1610, 1614.

Publication. Within three months from the date the articles are

filed in the recorder's office, the notice of incorporation must be published once each week for four successive weeks in a newspaper as convenient as practicable to the principal place of business. Affidavit of such publication of notice must be made by the publisher of such newspaper and must be filed with the Secretary of State. §§ 1613, 1614. Must be made in newspaper which has widest circulation. *Berkson Co. v. Anderson*, 115 Ia. 674.

4. Organization.

First Meetings. If corporation transacts business in the State the first meeting of stockholders must be held at the principal office in the State for the election of directors or officers, as specified in the articles of incorporation. § 1612.

By-Laws. No general provisions. May be adopted by directors, if stockholders consent. *Hygum v. Ins. Co.*, 11 Ia. 21, 26. A copy of the by-laws with names of all the corporate officers must be posted in the principal place of business subject to public inspection. § 1624.

Certificates. Affidavit of publication of notice of incorporation, made by the publisher of the newspaper in which notice appears, must be filed with Secretary of State. § 1613.

5 Corporate Existence.

When Commenced. On issuance of certificate of incorporation (§ 1614), and is not to exceed twenty years. § 1618. It continues beyond expiration by limitation or by voluntary dissolution for the purpose of settling affairs. § 1629.

Beginning Business. Business may be commenced forthwith on issuance of certificate of incorporation, and all acts are valid if publication of notice is made as prescribed within three months from the date of the certificate. § 1614. Must be commenced within two years. § 1628.

Renewal. Corporate existence may be renewed for another term of twenty years or less, within three months before or after expiration of first term, on approval of majority of stockholders at a regular meeting or special meeting called for that purpose, and if those in favor of renewal will purchase at its real value the stock of any opposed to renewal. Procedure is prescribed. S., § 1618.

It has been judicially decided that renewal may be accomplished by simple amendment to articles. *Lamb & Sons v. Dobson*, 117 Ia. 124; 90 N. W. 607.

Forfeiture of Charter. Occurs for non-user for two years at any one time, but omission to elect officers or hold meetings at prescribed times does not work forfeiture if election is held within two years after time appointed. § 1628. Intentional wrong-doing of directors or managing officers in regard to corporate acts, dividends, etc., may work forfeiture of charter by decree of court. § 1622. On sale of franchise under execution, purchaser becomes vested with corporate powers. § 1634.

Dissolution. May be had by unanimous consent or in accordance with the provisions of the articles, and notice thereof must be given as on incorporation. § 1617; *Stewart v. Pierce*, 116 Ia. 733.

6. Corporate Powers.

General. The ordinary powers are enumerated, also the right to exempt stockholders from any personal liability for corporate debts, except such as is imposed by statute. § 1609.

To Hold Property. This power is conferred to the same extent as exercised by natural persons. § 1609, 6.

Its Own Stock. Where its articles authorize a corporation to purchase "any real estate or other property," it is not beyond its powers to purchase its own stock. *Lumber Co. v. Foster*, 49 Ia. 25.

Stock of Other Corporations. Is impliedly permitted. § 1626. Is recognized by the courts. *Calumet Paper Co. v. Co.*, 64 N. W. 782; *Stewart v. Pierce*, 116 Ia. 733. A corporation which acquires stock in another corporation cannot set up *ultra vires* when sued as a stockholder. *White v. Co.*, 105 Ia. 145.

To Borrow Money. The extent of this power must be defined and limited in the articles of incorporation, and must in no case exceed two-thirds of the capital stock. §§ 1611, 1622. Bonds secured by real estate are exempt from this provision if the property is worth at least twice as much as the amount loaned thereon. § 1611.

To Do Business in Other States. Is impliedly permitted. § 1612.

Consolidation or Merger. Is not provided for as to business corporations.

Amendment of Charter. May be made at any annual meeting of the stockholders or at special meeting called for that purpose, to be recorded, approved and published as original articles. May be signed and acknowledged by such officers as stockholders designate. § 1615.

7. Capital Stock.

Amount. No limitations, but must be stated in articles of incorporation. § 1613.

Initial Payment. Not prescribed.

Consideration for Issue. May be money or property, the terms and conditions on which it will be issued to be stated in the articles of incorporation and also to be shown on the face of the certificates. §§ 1613, 1627. Where property is received by a corporation at a speculative and excessive valuation in payment for its stock, it is only a payment to the extent of the property received, and the owner of such stock is liable to the creditors for the difference between the true value of the property and the face value of the stock. *State Tr. Co. v. Turner*, 111 Ia. 664; *Stout v. Hubbell*, 104 Ia. 499.

Increase or Decrease. To be accomplished in the same manner as any amendment of the articles, there being a provision for payment of fees on increase but no regulations requiring special procedure. § 1610.

Classes of Stock. No provision.

Par Value of Shares. Not prescribed.

Stock Certificates. Must show on their face the amount paid thereon, and whether such payment was made in cash or in property. § 1627.

Transfer of Stock. Is not valid unless entered on the books of the company, showing the name of the person by and to whom transferred, date of transfer and number or other designation of shares. When transferred as collateral security, notice to the secretary of the corporation is sufficient without entry on the books, but the secretary must keep a record of the same. § 1626.

8. Stockholders.

Rights and Powers. They control all amendments. § 1615. They have full right to examination of corporate books. §§ 1624, 1626; *Ellsworth v. Dorwart*, 63 N. W. 588.

Liability. Stockholders may not in any way be exempted from liability for unpaid instalments on their stock and execution against the corporation returned unsatisfied may be levied on their property to that extent. § 1631. Stockholder paying may maintain action against corporation for indemnity and against the other stockholders for contribution. § 1633; *Esgen v. Smith*, 113 Ia. 25; *State Tr. Co. v. Turner*, 111 Ia. 664. Failure to comply with the requirements for incorporation renders stockholders liable for the corporate debts. § 1616. For illegal dividends or distribution of capital, they are liable to the respective amounts received. § 1621.

Meetings. Must be held within the State. The time for holding annual meetings for election of directors and officers is to be stated in the articles of incorporation; and inasmuch as there is a statement to be filed with the Secretary of State in January of each year, showing their names, the election is reasonably fixed accordingly.

Voting. To be prescribed by the by-laws, the statute containing no provisions. No statutory provisions as to voting by proxy or as to what constitutes a quorum. These matters should therefore be regulated by the by-laws.

9. Directors.

General. Their names are reported annually to the Secretary of State. § 1612. A provision in the by-laws that the directors shall fix compensation of officers, does not authorize them to vote compensation to themselves. *Schoening v. Schwenck*, 112 Ia. 733.

Number. No limitations as to number, but it is to be stated in the articles of incorporation.

Qualifications. No statutory provisions.

Powers. They may make by-laws if authorized thereto by stockholders. *Hygum v. Co.*, 11 Ia. 26.

Liability. Intentional fraud in failing to comply with the articles of incorporation is a misdemeanor, punishable by fine and imprisonment. Persons injured may also recover damages from those guilty. § 1620. Diversion of funds to other objects than those named in the articles, to any one's injury, is declared fraud and within the provisions of § 1620, and improper payments of dividends render the consenting officers and directors jointly and severally liable for existing corporate debts. § 1621. Permitting corporate debts to exceed the limit prescribed by law renders them jointly and severally liable for the excess. § 1622.

Meetings. Are regulated entirely by the by-laws. A majority is a quorum. *Buell v. Buckingham*, 16 Ia. 284.

Executive Committee. No provisions.

10. Officers.

General. The officers are to be designated in the articles of incorporation. § 1613. Their names are reported annually to the Secretary of State. § 1612.

Liability. (See § 9, "Directors.") Keeping false accounts is made a misdemeanor. § 1623. For issuing stock certificates without showing thereon amount paid and how paid, they are liable in fine of \$100 to \$500. § 1627.

11. Principal Office.

If the corporation transacts business in the State of Iowa, the articles of incorporation must fix its principal place of business, which must be within the State, in charge of an agent. It may be changed by a vote of the stockholders and any change must be reported to the Secretary of State. § 1612. By-laws and names of all officers must be posted in the principal places of business subject to public inspection. § 1624. Also statement of stock and indebtedness. § 1625.

12. Corporate Books.

What Required. Stock and transfer books are prescribed. §§ 1612, 1626. Stock book must show original stockholders, their interests, amount paid on their shares and all transfers thereof. § 1626. Keeping false books is made misdemeanor. § 1623.

Where Kept. If the corporation does business in the State of Iowa, then at the principal office in that State. § 1612.

Examination of. By-laws and names of all officers, and statement of capital stock subscribed, amount actually paid in, and amount of indebtedness, in a general way must be posted in the principal places of business subject to public inspection. §§ 1624, 1625. The stock book as to the prescribed items is subject to inspection of the public. § 1626; Boardman v. Co., 75 N. W. 343.

13. Reports.

In January of every year, the corporation must file with the Secretary of State a list of its officers and directors and any change of location of place of business. § 1612.

Every corporation for profit must annually on or before January 25th furnish to the assessor of the district in which its principal office is located, as of January 1st, a statement showing specifically (§ 1323): (1) Total authorized capital stock and number of shares. (2) Number of shares issued and par value thereof. (3) Amount paid on each share and total capital paid in. (4) Description and value of each tract of real estate owned by it. (5) Date, rate per cent. and amount of each dividend declared and the amount of capital on which each such dividend was declared. (6) Gross and net earnings, respectively, during the year and the amount of surplus. (7) Amount of profit added to sinking fund. (8) Highest price of sales of stock between the first and tenth days of January of the current year. (9) Highest price of sales of stock during the preceding year and average price of such sales.

Publication is required for four weeks of notice of original incorporation, containing all the facts as to the incorporation (§ 1613) and of every subsequent change or amendment.

14. Foreign Corporations.

How Authorized to Do Business. Foreign corporations except mercantile or manufacturing, before doing business in the State, must file with the Secretary of State a duly attested and certified copy of their articles of incorporation, accompanied by a resolution of directors or stockholders, authorizing the filing thereof, and also authorizing service of process to be made on any of its officers or agents in the State, and requesting the issuance of a permit to transact business in the State, said application to contain a statement that such permit shall be subject to the provisions of the domestic corporation laws. The same fees are required to be paid as of domestic corporations; also on increase of stock. The Secretary of State thereupon issues permit. § 1637. They can hold real estate for ten years only. § 1641; S., §§ 2889a-c, 2890.

Penalties for Non-Compliance. Fine of \$100 for every day the corporation does business without obtaining such permit, and officers and agents are guilty of a misdemeanor, punishable by fine not to exceed \$100 and imprisonment not to exceed thirty days. § 1639.

Taxation. No special provisions.

Books. Same as of domestic corporations. §§ 1637, 1639.

(Iowa)

Reports. Same as of domestic corporations (§§ 1637, 1639), except as to the tax return. § 1323.

Attachments Against. Lie on the ground of being a foreign corporation. § 3878.

15. Combinations and Monopolies.

Blacklisting employees is punishable by fine from \$100 to \$500, and offender is also liable in damages to the person injured. § 5027. Pools, trusts and combinations to fix prices are declared conspiracies, and are punishable by fine of not less than one per cent. of capital or amount invested in such corporation, nor more than twenty per cent., and the individual offenders are fined from \$500 to \$5,000 or are liable to imprisonment for one year, or both. §§ 5060-5062. The corporate rights and franchises are also forfeited after thirty days' notice from Secretary of State. §§ 5065, 5066. The State and County Attorneys participate in any fines recovered. § 5067.

KANSAS.

Enactments of 1906.

I. Corporation Laws.

Constitution.* (1906) An amendment of Section 2, Art. XII, of the Constitution of 1859, provides that dues from corporations shall be secured by the individual liability of stockholders to the amount of stock owned by each. This amendment modifies the former provision under which stockholders were liable to an additional amount equal to the stock owned by each. The amendment was proposed in 1905 (Chapter 542 of the Laws of 1905) and was affirmatively carried at the general election of 1906. Its effect is to eliminate the so-called double liability of Kansas stockholders for corporate debts.

8. Stockholders.

Liability. Under the constitutional amendment to Section 2, Art. XII, of the State Constitution which was adopted at the general election of 1906, a stockholder of a Kansas corporation is now liable for corporate debts to whatever amount remains unpaid on his stock, but no further. This is the ordinary liability that obtains in most states of the Union.

* Constitutional Amendment.

KANSAS.

1. Corporation Laws.*

Constitution. (1859.) The legislature shall pass no special act conferring corporate powers. Art. XII, § 1. Dues are secured by individual liability of stockholders to an additional amount equal to stock owned. Id., § 2. (But see L. 1905, Ch. 542, proposing amendment to change this unusual liability.)

Statutes. The general corporation law is contained in Chapter 23, Arts. 1-5, §§ 1245-1315, of the General Statutes of Kansas (1901), as amended by L. 1903, Chs. 151-153 and L. 1905, Chs. 155-159. Arts. 6-20, 22, §§ 1316-1460, 1466-1482, of the General Statutes refer specially to railway, road, telegraph, educational, religious, etc., cemetery, banking, trust, building and loan, warehouse, etc., bridge, navigation, sewer, express and co-operative corporations. Foreign corporations are provided for by Art. 21, §§ 1461-1465.

Under the general act corporations may be formed for forty enumerated purposes and for any manufacturing, mining, mechanical, chemical or mercantile and agricultural implements and produce business, separately or all combined. §§ 1249, 1250.

2. Taxes and Fees.

Organization Expenses. Fee of \$25 must accompany application to Charter Board for permission to organize. § 1261. Charter fee to State Treasurer before filing charter with Secretary of State: One-tenth of one per cent. on authorized capital up to \$100,000; on the next \$400,000 or part thereof, one-twentieth of one per cent.; for each million or major part thereof above \$500,000, \$200. To Secretary of State: For filing and recording charter not exceeding ten folios, \$2.50; for each folio in excess, 25 cents. Recording fee entitles corporation to a certified copy of charter. § 1264.

Franchise Tax. None imposed.

Local Taxation. Personal property is listed and valued as of March 1st. Paid up capital is listed by the company, except manufacturing and stock yard companies, and taxed on surplus value above real and personal property taxed in State. §§ 7514, 7515. Special returns are prescribed for merchants and manufacturers. §§ 7541-7546.

* Except as otherwise noted, references are to sections of the General Statutes (1901).

General. To Secretary of State: For filing and recording amendments, \$2.50 for first 10 folios and 25 cents for each folio in excess. § 1264. On renewal the same fees are paid as on incorporation. § 1264. On increase of capital stock, the same charter fees are paid on the increase as on the original capitalization. For filing and recording certificate of renewal or increase, \$2.50; for certified copy thereof, \$2.50. § 1265. Same filing and recording fees on decrease of capital stock. L. 1903, Ch. 151. On consolidation the regular fee is paid on any increase of stock beyond the aggregate stock of the constituent companies. § 1266. For annual report and certificate of filing, \$1. § 1283.

3. Incorporation.

Incorporators. Must be five or more. § 1248. Three must be citizens of the State. § 1256.

Formation.

1. **Application for Charter.** An application must be prepared on blanks furnished by the Secretary of State, and verified by the persons wishing to incorporate, setting forth (§ 1260): (1) The name desired. (2) Location of proposed principal office or place of business. (3) Period of existence. (4) Full nature and character of the business in which it proposes to engage. (5) Names and addresses of the proposed incorporators. (6) Proposed amount of capital stock. § 1260.

This application, together with the required fee of \$25, is presented to the Charter Board, composed of the Attorney General, Secretary of State, and the State Bank Commissioner. § 1259. It is the duty of the Board to investigate and act upon the application. If it meets with the approval of the Board, the Secretary of State, who is secretary of the Board, issues a certificate of authority. § 1263. This certificate authorizes the applicants to proceed with the desired incorporation.

2. **Charter.** A charter must then be subscribed and acknowledged by the incorporators (§ 1256), setting forth (§ 1253):

(1) Name of the corporation. Must begin with "the" and end with "corporation," "company," "association," or "society," and indicate nature of the business. § 1254.

(2) Purposes for which it is formed. Combinations of manufacturing, mining, mechanical, chemical, or mercantile, and agricultural implements and produce businesses are allowed. § 1250.

(3) Place or places where its business is to be transacted. An office must be maintained in the State. § 1293.

(4) Term for which it is to exist. May be for any period but unless specified in charter is limited to twenty years. § 1269.

(5) Number of directors or trustees, and names and residences of those appointed for the first year. Must be not less than three nor more than twenty-four. § 1269.

(6) Amount of capital stock and number of shares. No restrictions as to either.

(7) Names and addresses of the stockholders and the number of shares held by each.

3. **Filing and Recording.** Before the charter may be filed, the prescribed fees must be paid to State Treasurer. § 1264. His receipt is endorsed on the charter, and the instrument is filed and recorded with the Secretary of State, who, upon payment of filing and recording fees, issues a certified copy of the charter, retaining the original on file. §§ 1257, 1264.

4. Organization.

First Meetings. No provisions as to first meeting of stockholders. The directors are named in the charter, and as the by-laws are to be adopted by them, the only organization meeting required is that of the directors for adoption of by-laws and election of officers.

If the full amount of the capital stock has not been subscribed, the directors named in the charter or a majority of them must, within three months after the filing of the charter, open subscription books at such time and place as they may determine, after at least thirty days' notice in a newspaper published or circulated in one or more counties in which such books are opened, and such books must be kept open until the whole amount is subscribed. § 1275.

By-Laws. Are adopted by the directors for the management of the property of the corporation, the regulation of its affairs and for the transfer of its stock (§ 1269), but may be amended by the stockholders at a meeting ordered for that purpose by the directors on the written application of a majority of the stockholders. § 1278.

Certificates. Before beginning business an affidavit must be made by the president and secretary of the corporation to the Secretary of State, setting forth that not less than twenty per cent. of its authorized capital has been paid in actual cash. § 1311.

5. Corporate Existence.

When Commenced. On filing of charter. § 1258. May be for any desired period, but if no duration is named in charter, is twenty years. § 1269. Can not be collaterally attacked. *C. K. & W. Co. v. Comrs.*, 36 Kan. 122 (1887).

Beginning Business. May be commenced on proof of payment of 20 per cent. of capital stock in cash. Must be begun within one year after filing charter. § 1311.

Renewal. Corporate existence may be extended at any time for successive periods of twenty years, or such length of time as may be provided therefor in the certificate, such extension to be authorized

by the board of directors, and approved by two-thirds of the stockholders, such approval to be expressed either at a duly called meeting held for the purpose, or by written consent. After such action, a certificate of the intention to so renew must be signed and acknowledged by the president and secretary and be filed with the Secretary of State. §§ 1269, 1284.

Forfeiture of Charter. Occurs by mere publication by Secretary of State, on failure to commence active operations under charter for one year after filing the same. § 1311. Also by declaration of the Charter Board, published in the official State paper, on failure to file annual report within ninety days from August 1st. Attorney General applies for receiver. § 1283. On any such failure and on failure to file certificates of transfers of stock (See under § 7, "Transfer of Stock"), action can not be maintained or recovery had in any of the State courts. *Id.* Suspension of business for more than one year (§ 1310), or failure for six months to keep general office in State or to have three directors citizens and residents, is ground for forfeiture. §§ 1293, 1294. Also forfeiture occurs on violation of anti-trust law (§ 7866) or of law against trade discriminations. L. 1905, Ch. 2, § 3.

Dissolution. Voluntary dissolution is not provided for, except by judgment of court of competent jurisdiction. But for the purpose of enabling a creditor to proceed against the stockholders to enforce their individual liability, it is sufficient to show that the corporation has suspended business for more than one year. § 1310.

6. Corporate Powers.

General. The ordinary powers are enumerated. § 1269. No corporation shall employ its stock or assets, directly or indirectly, for any other purpose whatsoever than to accomplish the legitimate objects of its creation. § 1285.

To Hold Property. This power is limited to that necessary for corporate purposes or acquired in payment of debts. § 1269.

Its Own Stock. Stock of Other Corporations. No statutory provisions.

To Borrow Money. Corporations have power to borrow money, the amount thereof not to exceed amount of capital stock. § 1274.

To Do Business in Other States. No specific provisions. A corporation, however, has the capacity to carry on business in other states and countries so long as it does not depart from the terms of its charter. *A. T. & S. F. Ry. Co. v. Fletcher*, 35 Kan. 236 (1886). But three directors must be residents and citizens and all books and records must be kept in general office in State. § 1293. And the treasurer's office and all his books and the corporate funds must be within the State. §§ 1293, 1306.

Consolidation or Merger. No express provisions for consolidation of general corporations, but it is impliedly permitted in the provision that charter fee is to be paid on excess of capital stock of the consolidated company over the aggregate stock of the constituent companies. § 1266.

Amendment of Charter. Amendments must be authorized by a two-thirds vote of the stockholders at a meeting held in conformity with the by-laws, and the charter as amended must be subscribed by the directors and acknowledged by not less than three thereof, who must be citizens of the State, and is then filed and recorded as was the original charter. § 1254. Name may be changed by such vote of the stockholders as by-laws direct, an affidavit to be filed by the president and secretary with the Secretary of State, setting forth the name adopted and the date of the vote, and notice of such change to be published six weeks in a newspaper of general circulation in the county of location. §§ 1269-1272.

7. Capital Stock.

Amount. Not prescribed. Must be stated in charter and in application therefor. §§ 1253, 1260.

Initial Payment. Twenty per cent. of the authorized capital stock must be paid in cash. § 1311.

Consideration for Issue. Where property is conveyed to a corporation in payment for its stock and the transaction is made a matter of record, and subsequently approved and ratified by all the officers and stockholders, such shares will, in the absence of fraud, be treated as fully paid. *Walburn v. Chenault*, 43 Kan. 352 (1894).

Directors may require payment of subscriptions in such manner and instalments as the by-laws provide. § 1289. For non-payment, stock may be forfeited on thirty days' notice to the delinquent stockholders, served personally or by mail. § 1290.

Increase or Decrease. Capital stock may be increased not exceeding three times the amount of its authorized capital, by a vote of the stockholders in conformity with the by-laws; or it may be increased to any amount by a like vote, by an actual *bona fide* paid up cash subscription to the amount of such increase. After increase is made it is certified to the Secretary of State by the directors with date and amount. The certificate must be filed and recorded in the same manner as the charter. § 1273.

Capital stock may be decreased by two-thirds vote of outstanding stock or of each class of stock at a meeting called for that purpose, on ten days' notice, if not otherwise provided by the by-laws. A certificate of decrease must be executed, filed and recorded in the same manner as original charter, and published once each week for three successive weeks in newspaper published in the county where the principal place of business is located. L. 1903, Ch. 151.

Classes of Stock. Preferred stock may be issued by unanimous consent of stockholders. § 1287.

Par Value of Shares. Not prescribed. The number of shares is stated in charter (§ 1253), and may be changed by regular amendment. § 1254.

Stock Certificates. Form and signatures not prescribed.

Transfer of Stock. As soon as made on the books of the com-

pany, report thereof must be filed with Secretary of State, showing name and address of transferee, number of shares transferred, par value, and amount paid on such stock. § 1283. No stock may be transferred until all previous assessments thereon have been fully paid. § 1286; *Plumb v. Bank*, 48 Kan. 484 (1892).

8. Stockholders.

Rights and Powers. They control amendments of charter, renewal of the corporate existence, etc., by a two-thirds vote. §§ 1254, 1284. They may amend by-laws but only at a meeting ordered by the directors on application of the stockholders. § 1278.

Liability. They are liable for unpaid subscriptions and for an additional amount equal to their stock. Const., Art. XII, § 2. On reducing stock without prescribed publication, stockholders are liable to the amount thereof received by each. L. 1903, Ch. 151. Records of Secretary of State (See "Transfer of Stock," under § 7, and "Annual Report," under § 13) are *prima facie* evidence of stockholders and their holdings, etc. § 1283; *Merrill v. Prescott*, 67 Kan. 767 (1903).

Meetings. For election of directors, must be held annually, at time and place prescribed by by-laws (§ 1276), but all stockholders' meetings must be held within the State. *Land Grant Ry. Co. v. Co.*, 6 Kan. 245, 253 (1870).

Notice and Quorum. No provisions. May be prescribed by by-laws.

Voting. To protect minority stockholders, subscribers may insert in charter a provision that no stockholder may vote or own more than a certain stated minority per cent. of the stock. L. 1905, Ch. 157. Stock to be voted must have stood in the name of the voter on the books of the company thirty days before the election. § 1286. Cumulative voting is prescribed. § 1288.

Proxies. Voting by proxy is permitted. §§ 1248, 1288.

Co-operative societies may be formed in which each stockholder may have but one vote. § 1456.

9. Directors.

Number. The directors must be not less than three nor more than twenty-four. § 1269. Their number must be stated in the charter. § 1253. It may be changed by vote of the stockholders cast as the by-laws direct (§ 1269), an affidavit thereof to be filed with the Secretary of State by the president and secretary, stating the number fixed, together with the date of the vote. §§ 1271, 1279.

Qualifications. At least three must be citizens and residents of the State. §§ 1254, 1293. They must all be stockholders (§ 1276) and must take oath of office. § 1277.

Powers. They are trustees on dissolution. § 1312. They adopt by-laws subject to ultimate control of stockholders. § 1278. They fill vacancies on the board. § 1276.

Liability. On reduction of stock without legal publication, they

become jointly and severally liable for all the corporate debts contracted after the filing of certificate of decrease, and until such publication. L. 1903, Ch. 151. For knowingly declaring and paying dividend when the corporation is insolvent or which would render it insolvent, they are jointly and severally liable to the extent of such dividend for corporate debts then existing or contracted while they remain in office. Directors absent or objecting in writing are exempt. § 1292.

Meetings. Are to be regulated by the by-laws. May be held without the State if so provided in by-laws. A majority constitutes a quorum. § 1276.

Executive Committee. No provisions.

10. Officers.

General. A president, who must be a director, and a secretary and treasurer are prescribed. § 1277. Managing officers and secretary must keep their books at the general office of the company in the State. § 1293. The treasurer's office, his books and the corporate funds may be kept within the State. § 1306.

Officers are subject to fines and imprisonment for violations of anti-trust law. §§ 2432, 7868-7872.

11. Principal Office.

Must be maintained in the State (§ 1293) and be stated in the charter and application therefor. §§ 1253, 1260. May be changed by regular amendment. § 1254. The treasurer's office and all funds must be kept in the State. § 1306.

12. Corporate Books.

What Required. Stock subscription books are prescribed by statute (§ 1275), and also a record of all stock subscribed and transferred. § 1282.

Where Kept. All books of account, records, etc., must be kept at the general office in the State. § 1293.

Examination of. The books and records are to be at all reasonable times open to the inspection of stockholders. The directors are charged with this duty and may also be required by one-third of the stockholders to present reports in writing of the situation and amount of the corporate business. § 1282.

13. Reports.

On or before August 1st of each year, the president and secretary or managing officer of every business corporation must file with the Secretary of State, on blanks furnished by him, a detailed statement of the condition of the corporation on June 30th next preceded

ing, to contain: (1) Authorized capital stock. (2) Paid up capital stock. (3) Par value and market value per share. (4) Complete and detailed statement of the assets and liabilities. (5) A full and complete list of the stockholders, with their post-office addresses and the number of shares held and paid for by each. (6) The names and post-office addresses of the officers, trustees or directors and manager elected for the ensuing year, together with a certificate of the time and manner in which such election was held. Secretary of State may require supplementary report. § 1283. He issues certificate of filing. *Id.*

Publication for six weeks is required of notice of change of name. § 1272. Of notice of opening subscription books. § 1275. Certificate of reduction of capital stock is published three weeks. L. 1903, Ch. 151.

14. Foreign Corporations.

How Authorized to Do Business. Before doing business in the State a foreign corporation must make application to the Charter Board, on blanks furnished by the Secretary of State, subscribed and sworn to by the president and secretary or other managing officers, containing: (1) Certified copy of its charter. (2) Place of its principal office or place of business. (3) Full nature and character of the business in which it proposes to engage. (4) Names and addresses of the officers, trustees or directors and stockholders. (5) Detailed statement of assets and liabilities, and any other information that the Board may require in order to determine the solvency of the corporation. § 1260. Fee of \$25 must accompany application. § 1261. Fees on capital stock are the same as of domestic corporations. § 1264.

It must further file in the office of the Secretary of State its written consent to being sued in the State by service on the Secretary of State, and a certified copy of the resolution of its board of directors authorizing its president and secretary to execute the same. § 1261; *State v. Book Co.*, 69 Kan. 1 (1904).

Penalties for Non-Compliance. Foreign corporations are subject to all the provisions, restrictions, judicial control and penalties applicable to domestic corporations of the same class. § 1267. Foreign corporations forfeit their right to do business in the State by violation of anti-trust law. § 7868. So also for failure to file reports. § 1283; *Swift v. Platte*, 68 Kan. 1 (1904).

Taxation. Same as for domestic corporations.

Books. Foreign corporations are expressly made subject to all laws regulating domestic corporations. § 1267.

Reports. Annually during February, foreign corporations must file with the Secretary of State on blanks furnished by him, a statement subscribed and sworn to by the president or managing officer and secretary, showing the condition of the corporation on the date of the last regular annual statement made by the corporation for its own use, within 125 days next preceding, or on the 31st day of December next preceding, and to contain: (1) Full name. (2) Location of principal office or place of business without the State, and

(3) same within the State, if any it has. (4) Names and addresses of officers and directors. (5) Authorized capital stock and par value of shares. (6) Amount of capital stock subscribed. (7) Amount and general nature of its resources and liabilities, in form to be prescribed by the Charter Board. L. 1903, Ch. 150.

Attachments Against. Lie on the ground of being a foreign corporation. § 4624.

15. Combinations and Monopolies.

Trusts are defined and prohibited, with penalty of forfeiture of charter (§ 7866), and all right to do business (§ 7868), and fines of from \$100 to \$1,000 and imprisonment of not less than thirty days nor more than six months, the Attorney General and County Attorney being charged generally with the prosecution of offenders, on the same penalties as inflicted on the offenders. §§ 7872, 7864-7874. The penal statute is very broad in its terms, making violations misdemeanors, punishable by the same fines and imprisonment, and with damages to persons injured. §§ 2427-2450; see also L. 1905, Ch. 2, against discrimination; *State v. Jack*, 69 Kan. 387 (1904); *Keene v. Gas Co.*, Id. 284 (1904).

KENTUCKY.

1. Corporation Laws.*

Constitution. (1891.) Corporations not to be created by special act. § 59. Property to be taxed the same as that of individuals but franchise tax may be imposed. §§ 174, 181. Corporations to confine their operations to the business authorized by their charters. § 192. Real estate which is not necessary for the legitimate corporate business not to be held longer than five years. *Id.* Stock and bonds to be issued only for labor done or money or property received; fictitious issue void. § 193. Corporations must maintain place of business in the State in charge of agent to receive service of process. § 194. Trusts to be suppressed by appropriate legislation. § 198. Foreign corporations to be subject to same laws as domestic. § 202. Cumulative voting prescribed. § 207. Public ownership or interest in corporations prohibited. §§ 177, 179.

Statutes. The general corporation law is contained in Chapter 32, Kentucky Statutes, 1903, of which Article I contains general provisions, and Articles II to XII treat specially of banks, trust, insurance, railroad, bridge, building and loan, religious, charitable, educational, investment, oil and gas and telegraph companies, and news agencies. Amendments are found in L. 1904, Ch. 105, p. 257. Under the general provisions corporations may be formed to transact any lawful business (§ 538), but the incorporations enumerated above are also subject to additional provisions.

2. Taxes and Fees.

Organization Expenses. To the State Treasurer: One-tenth of one per cent. on capital stock. § 4225. Recording fees to Secretary of State, 20 cents per folio. For affixing seal of Commonwealth, \$2. § 4539. To County Clerk: Recording and copying, 1 cent for each ten words; certificates, 50 cents. § 1720; L. 1904, p. 298.

Franchise Tax. None imposed on business corporations. Corporations enjoying special franchises and public service companies are taxed on any franchise held both to the State and locally in the county. Const., § 181.

Local Taxation. Business corporations are taxed as are individuals. Const., § 174. When legally called on, the chief officer of any corporation must submit a full statement of its property for tax-

* Sections given are of Carroll's Kentucky Statutes, 1903.

KENTUCKY.

Enactments of 1906.

1. Corporation Laws.

Statutes. Three or more persons may associate themselves under the general provisions of Article I, Chapter 32 of the Statutes (Carroll's Kentucky Statutes, 1903) to establish a warehouse company with power to guarantee receipts issued by said company or by other warehouse companies. L. 1906, Ch. 145, p. 490. Section 612 of the Kentucky Statutes, relating to banks and trust companies, is amended. L. 1906, Ch. 146, p. 491.

2. Taxes and Fees.

Organization Expenses. No corporate powers may be had until the organization tax of one-tenth of one per cent. on the capital stock and a like sum on any increase thereof has been paid to State Treasurer. L. 1906, Ch. 22, Art. XIII, § 1, p. 208.

Franchise Tax. Enactments imposing a franchise tax upon Kentucky corporations are found in L. 1906, Ch. 22, Art. II, §§ 1-9, pp. 179-183, as follows:

All corporations having capital stock, domestic or foreign, liable to pay a franchise or license tax, shall pay an annual license tax-based upon their authorized capital stock, of 30c. on each \$1,000 of capital stock represented by property owned and business transacted in the State (§ 3) but no corporation shall pay less than \$10 (§ 9), the amount of capital stock on which such tax is to be assessed to be determined by and to bear such relation to the entire capital stock as the property owned and business transacted in State does to the aggregate of property and business done in and out of State. § 3.

Any corporation may, however, pay such license tax on its whole stock and may then omit annual report. (See "Reports.") Failure to report will be taken as evidence that the corporation so failing intends to pay the tax on its entire capital stock. § 3.

The Secretary of State shall certify to the Auditor of Public Accounts a list of corporations liable to license tax and furnish addresses and names of agents thereof, and the Auditor of Public Accounts shall notify such corporations and furnish blanks by mail for their reports (§ 5), (See "Reports"), and shall then notify such corporations of the amount assessed against them and it shall be payable not later than thirty days thereafter. § 4.

For failure to make reports or to pay the tax assessed, corporations incur specified penalties and on conviction are suspended until fine, costs, taxes, and penalties, etc., are paid. Also ten per cent. per annum shall be added to the amount of unpaid tax (§ 8), but domestic corporations hereafter incorporated shall not be required to pay this tax for the year in which they may be organized. § 6.

Corporations such as schools, lodges, benevolent institutions and commercial and industrial corporations doing purely an interstate

KENTUCKY.

commerce business, with no part of their authorized capital, in the meaning of this statute, employed in the state, are excepted from taxation under this chapter.

5. Corporate Existence.

When Commenced. No corporate powers can be had until the organization fees are paid the State Treasurer. L. 1906, Ch. 22, Art. XIII, § 1, p. 208.

13. Reports.

In connection with the license tax of 30c. on each \$1,000 of capital stock, every corporation liable to such tax shall file on or before February 1st, 1907, and on or before the same day annually thereafter, with the Auditor of Public Accounts, a written report under oath of president or secretary of corporation, showing:

1. (a) Name of corporation; (b) state of incorporation; (c) date of incorporation; (d) principal office in and out of state; (e) name and post-office address of president and secretary; (f) name and address of authorized agent upon whom process may be served; (g) name and address of agent in charge of business in state.

2. Total of authorized capital stock.

3. (a) Value of property owned and used in Kentucky; (b) where situated; (c) value of property owned and used outside of Kentucky; (d) aggregate amount of business done during year ending December 31st; (e) the proportion of such business done in the state and such other facts as the Board of Valuation and Assessment may require.

The said Board shall determine the amount of capital stock on which tax shall be paid and fix the amount at the rate hereinbefore prescribed.

Domestic or foreign corporations hereafter formed or doing business in the state, shall report on or before the February 1st succeeding. Penalties as given under "Franchise Tax" supra. L. 1906, Ch. 22, Art. XI, §§ 4, 7, pp. 180, 181.

14. Foreign Corporations.

Reports. As for domestic corporations. Annual report must be filed on or before February 1st succeeding entrance to State. L. 1906, Ch. 22, Art. XI, §§ 4, 7, pp. 180, 181.

ation. § 4085. If the corporation pays taxes on all its property, shares are not taxed in hands of stockholders. § 4088. All property is assessed as of September 15th. § 4052.

General. On increase of capital stock, one-tenth of one per cent. of the amount of increase. § 4225.

3. Incorporation.

Incorporators. May be any number not less than three. § 538. They manage corporate affairs until the directors are elected, and may obtain subscriptions to stock. § 541. No requirements as to residence.

Articles of Incorporation. Must be signed and acknowledged by the incorporators (§ 540) and specify (§ 539):

(1) Name, which must be such as to distinguish the corporation from any other engaged in the same business in the State. Name as displayed on office and places of business and as shown on stationery, must be followed by the word "Incorporated." § 576.

(2) City or town and county where principal office or place of business is to be located. Must be within the State. Const., § 194.

(3) Nature of the business or objects or purposes proposed to be transacted, promoted or carried on.

(4) Capital stock and number of shares. Shares may be classified. § 564; L. 1904, Ch. 105. Capital stock may be any amount. No restrictions on par value of shares.

(5) Name, residence and number of shares subscribed by each of its stockholders.

(6) Time corporate existence is to commence and duration. May be perpetual.

(7) Officers or persons to conduct the corporate affairs and times and places of their election.

(8) Highest amount of indebtedness or liability which the corporation may at any time incur.

(9) Whether private property of stockholders, not subject thereto by the provisions of the law under which the corporation is organized, shall be subject to payment of corporate debts, and if so, to what extent. § 539. Mode of voluntary dissolution may be provided for. § 561.

Filing and Recording. The articles are recorded in the office of the clerk of the county in which the corporation's principal office or place of business is located, and a copy thereof is filed and recorded in the office of the Secretary of State. § 540.

4. Organization.

First Meetings. No specific provisions. Elections of directors must be held within the State. § 551.

By-Laws. Are to be adopted by the directors. § 542. Their scope is not prescribed.

Certificates. Every corporation carrying on any business in the State, whether foreign or domestic, must file with the Secretary of State a statement signed by its president and secretary, stating the location of its office or offices in the State and the name or names of its agent or agents thereat to receive service of process. § 571.

5. Corporate Existence.

When Commenced. On filing articles of incorporation with Secretary of State and payment of license tax. § 542. Continues after expiration or dissolution for the purpose of closing up business. § 561. Duration is not limited by statute, but may be in articles of incorporation. § 539.

Beginning Business. May not be commenced with persons other than stockholders until at least 50 per cent. of the capital stock has been subscribed for in good faith. § 543. Must be commenced under penalty of forfeiture of charter within two years after organization. § 565. Location of office and name of agent in charge must be filed with Secretary of State before business is commenced. § 571. (See "Certificates," under § 4.)

Renewal. No statutory provisions, the law contemplating perpetual existence.

Forfeiture of Charter. Occurs on failure to commence business in good faith within two years after organization. § 565. Also for abuse or misuse of corporate powers. § 569; Const., § 205. Also for violation of laws against trusts, pools and combinations. § 3919. Or for contribution to political organizations. § 1574a; see also § 1987.

Dissolution. May be effected by written consent of owners of a majority of the stock, unless another mode is prescribed in the articles of incorporation, but notice must be published at least once a week for four consecutive weeks in a newspaper published in the county, of the fact that the corporation is closing up its business. § 561.

6. Corporate Powers.

General. General powers are enumerated. § 542.

To Hold Property. Real estate not necessary for the legitimate business of the corporation, escheats to State if held for a longer period than five years. § 567; Const., § 192.

Its Own Stock. May only hold its own stock when

taken to prevent loss on a debt previously contracted; and no such stock may be held for longer than one year. § 544.

Stock of Other Corporations. No direct provisions. But consolidation is permitted. § 555.

To Borrow Money. Fictitious increase of indebtedness is void. § 568; Const., § 193. Highest amount of indebtedness to be incurred is stated in articles of incorporation. § 539.

To Do Business in Other States. No direct provisions.

Consolidation or Merger. Consolidation between business corporations is provided for, with twenty days' notice of stockholders' meetings by mail prior to entering into the agreement by the directors, and publication of notice for two weeks; and written consent of at least two-thirds of the stock. § 555. Effects of and procedure after consolidation with rights of minority stockholders are provided for. §§ 556-558.

Amendment of Charter. May be effected by written consent of owners of at least two-thirds of the capital stock. The amendment must be signed and acknowledged by the directors or a majority of them, and be filed and recorded as were original articles of incorporation. § 559.

7. Capital Stock.

Amount. Not prescribed.

Initial Payment. At least 50 per cent. of the capital stock must be subscribed in good faith before corporation can commence business. § 543.

Consideration for Issue. Stock must not be issued except for value in labor done, or money or property actually received and applied to the purposes for which the corporation was created, and neither labor nor property shall be received in payment of stock or bonds at a greater value than the market price at the time such labor was done, or property delivered. Fictitious increase of stock or indebtedness is void. § 568; Const., § 193.

The capital stock shall be paid in such amounts and times as the directors require; for non-payment of calls, directors may sell delinquent shares on twenty days' notice by mail to the stockholder. § 543.

Increase or Decrease. May be accomplished by a vote or written consent of two-thirds of the capital stock, on notice of proposed change mailed to each stockholder twenty days before the meeting. A statement of the increase or decrease must be signed and acknowledged by the president and majority of the directors and filed and recorded in the same manner as original articles of incorporation. § 553.

Classes of Stock. Classes of stock, as preferred, common and deferred, or as may be otherwise designated, may be provided for

in charter, or created after incorporation by a two-thirds vote of outstanding capital stock cast in person or by proxy at any regular meeting, or at a special meeting held on twenty days' notice. May also be effected by written consent of two-thirds of the stock. Terms and manner of issue to be stated in the consent or resolution. No preferred stock may be issued except for cash or its equivalent, nor for less than the par value of the shares. A corporation, all of whose stock is common, may by two-thirds vote convert it into common and preferred and distribute *pro rata* to the old stockholders. § 564; L. 1904, Ch. 105.

Par Value of Shares. Not prescribed. Must be shown on the stock certificates. L. 1904, Ch. 105.

Stock Certificates. Are not prescribed as to form or contents, except that they must show par value of shares. L. 1904, Ch. 105.

Transfer of Stock. Shares of stock are transferable on the books of the corporation in such manner as the by-laws direct, and on such transfer the purchaser succeeds to all the rights and liabilities of the original holder. § 545.

8. Stockholders.

Rights and Powers. They control amendments, consolidation, etc., by a two-thirds vote. §§ 553, 555, 559. Minority stockholder suing to enforce corporate contract with another corporation upheld. *Ry. Co. v. Dodd*, 115 Ky. 176 (1903).

Liability. Stockholders are liable for corporate debts only to the extent of unpaid subscriptions. Such liability must be enforced within two years from the time of transfer. § 547.

Meetings. Time and manner of elections are to be stated in articles of incorporation. § 539. All elections for directors must, however, be held within the State, at annual meeting to be held on day named in the by-laws, which must not be changed within sixty days before the day on which the election is to be held. Notice of any such change must be given each stockholder twenty days before the election. § 551.

Notice. If an election is not held on the day specified in the by-laws, a special meeting must be called within thirty days thereafter, of which due notice must be given each stockholder in person or by mail. § 551.

Quorum. Not prescribed.

Voting. Must be by ballot for directors. § 551. Cumulative voting is prescribed. § 552; Const., § 207. Has been held not compulsory. *Schmidt v. Mitchell*, 101 Ky. 570 (1897).

Proxies. Voting may be by written proxy. § 552. Manner to be prescribed by by-laws. § 551.

9. Directors.

Number. Must be not less than three. § 551. They may by a vote of the stockholders be divided into one, two or three classes,

one class to be elected each year. § 551. Change of number may be effected by amendment of articles. §§ 539, 559.

Qualifications. Each director must own at least three shares of stock. § 551. One who holds stock in a fiduciary capacity is eligible to the office of director. *Schmidt v. Mitchell*, 101 Ky. 570 (1897).

Powers. They have general charge of the property and affairs of the corporation. They adopt by-laws. § 542. They may fill vacancies on the board until the next election. § 551.

Liability. For declaring or paying any dividend when the company is insolvent, or which would render it insolvent or diminish its capital stock, directors render themselves jointly and severally liable for corporate debts then existing or incurred while a majority of them remain in office. § 548. (See § 10, "Officers.")

Meetings. Directors' meetings are wholly governed by the by-laws as to time, place and notice. A majority is required to constitute a quorum. § 551.

Executive Committee. No provisions.

10. Officers.

General. The officers are to be designated in the articles of incorporation. § 539. One or more places of business must be maintained in the State with an agent or agents in charge. § 571; Const., § 194.

For any statements in reports materially false, those assenting thereto are jointly and severally liable for resulting loss or damage. § 549. So also for violation of the corporation law, by omission or commission; and in addition a fine is imposed of from \$100 to \$1,000. § 550. For violations of laws against trusts, pools and combinations, the parties responsible are liable to fine of from \$500 to \$5,000 and imprisonment from six to twelve months. § 3917.

11. Principal Office.

Corporations carrying on business in this State shall at all times have one or more known places of business in the State, and an authorized agent or agents thereat to receive service of process. § 571; Const., § 194. Certificate of any change of principal office must at once be filed with Secretary of State. Non-compliance is made a misdemeanor, punishable by fine of from \$100 to \$1,000. § 571. Name must be conspicuously displayed at the principal place or places of business, followed by the word "Incorporated," on penalty of \$100 to \$500. § 576.

12. Corporate Books.

What Required. A book must be kept in which must be entered the name, post-office address and number of shares of stock held by each stockholder, and the time when each person became a stock-

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holder; also all transfers of stock, stating number of shares, when transferred and by and to whom. § 546.

Where Kept. At principal office. § 546.

Examination of. The stock and transfer book is subject during business hours to inspection of stockholders and persons doing business with the corporation. § 546.

13. Reports.

None required of business corporations. Corporations liable to franchise tax file reports between September 15th and October 1st of each year, with the State Auditor of Public Accounts. § 4078.

14. Foreign Corporations.

How Authorized to Do Business. Every foreign corporation carrying on any business in the State of Kentucky, must maintain one or more known places of business therein, with an agent or agents thereat on whom process may be served; and a statement of such place or places of business and name or names of such agent or agents must be filed with the Secretary of State before any business can be lawfully carried on in the State. Any change in location of office or offices, agent or agents, must be at once notified to the Secretary of State. § 571; Const., § 194. No more favorable conditions may be accorded to foreign corporations than to domestic ones. Const., § 202.

Penalties for Non-Compliance. Is declared a misdemeanor, punishable by fine of from \$100 to \$1,000. § 571. For transfer of actions to Federal courts without consent of adverse party, right to do business in the State is forfeited, and such act is declared a misdemeanor, punishable by fine and imprisonment the same as for unlawfully doing business in the State. § 572.

Taxation. Same returns and franchise taxes as on domestic corporations of same class, on proportion earned in the State. § 4080.

Books. No provisions.

Reports. As for domestic corporations. §§ 4078, 4080.

Attachments Against. No provisions.

15. Combinations and Monopolies.

Trusts, pools, combinations or other organizations to depreciate values or enhancing cost, are prohibited. §§ 3915-3921; Const., § 198. Penalties for violations, fines of from \$500 to \$5,000, imprisonment of guilty individuals from six to twelve months and forfeiture of charter. §§ 3917, 3919. All contracts in violation are void. § 3916.

LOUISIANA.

Enactments of 1906.

2. Taxes and Fees.

Local Taxation. Amendments to Section 28 of Act 170, 1898 (§ 3363 Wolf's Revised Statutes, p. 1563), provide that all corporations save those enumerated in Section 27 (banks and banking corporations) and life insurance companies organized in Louisiana, shall be assessed directly on all property owned by such corporations, taxable under Sec. 1 of the present Act. Property of life insurance corporations organized in Louisiana shall be assessed to corporation as to a natural person, in the parish, town, village or district of its residence. L. 1906, Act 66, pp. 103-105.

13. Reports.

Amendments to Section 28, Act 170, 1898, also provide that in event of failure to make sworn returns within first twenty days of January, the president or other officer responsible for such neglect is guilty of a misdemeanor and may be fined or imprisoned or both at discretion of Court. Also that corporations not required by law to make sworn statements of their condition shall be required to furnish within first twenty days of January under like penalty a sworn statement of costs and values as shown on books, and of the earning capacity of the corporation. L. 1906, Act 66, pp. 103-105. (Amending § 28 of Act 170, 1898, Wolf § 3363, p. 1563.)

LOUISIANA.

1. Corporation Laws.*

Constitution. (1898.) Corporations not to be created nor charters amended by special law. Art. 48. General laws to be passed for creation of private corporations. Art. 275. Grants of exclusive rights, privileges or immunities prohibited. Art. 48. Neither the State nor any political corporation shall subscribe for corporate stock nor lend credit to private company. Art. 58. Taxation of foreign corporations may be different from taxation of domestic corporations. Art. 242. Corporations, both domestic and foreign, doing business in the State, must maintain an office therein with an agent in charge to receive service of process (Art. 264), at which transfers of stock must be made, and books kept for public inspection showing amount of stock subscribed, names of stockholders and their holdings, amount paid and by whom, transfers with dates thereof, assets and liabilities and names and residences of officers. Art. 273. Corporation only to engage in business expressly authorized by charter. Art. 265. Real estate except that necessary for corporate purposes not to be held longer than ten years. Id. Issue of stock or bonds except for labor done or money or property actually received prohibited. Forfeiture of charter to result from fictitious issue. Art. 266. Capital stock to be increased or decreased only according to general law and with consent of majority of stock given at meeting held on thirty days' notice. Art. 267.

Statutes. General provisions as to corporations are found in the Revised Laws of Louisiana (1904), §§ 677-746, pp. 220-278. Provisions relating to mechanical, manufacturing and mining corporations are contained in § 683, p. 226. Banking institutions are treated of in §§ 276-312, pp. 75-120; building and loan associations, pp. 136-150; insurance companies, pp. 843-907; railroads, pp. 1478-1508. Amendments are found in L. 1904, Acts 54, 78, 180.

Provisions of a general nature relating to corporations are also found in the Revised Civil Code (1870), Art. 427-446.

Under the general law corporations may be created to carry on any business or branches of business whether related or not, that it would be lawful for any individual to carry on, excepting only insurance and banking business and any business that would entitle the corporation to exercise the right of eminent domain. L. 1904, Act 78.

2. Taxes and Fees.

Organization Expenses. To Secretary of State: For every certificate to which seal is affixed, \$1; for recording, 25 cents per folio. For certificate of authority or compliance, \$10. p. 1749.

* References are to Revised Laws of 1904, unless otherwise stated.

Notary's fees for writing and recording original acts of incorporation are 20 cents per folio; for passing an act written by others, 25 cents, and 10 cents per folio for recording; for each certificate and seal, 25 cents; for all copies, 10 cents per folio. pp. 281-2. Notary fees for preparation of charter range as do attorney's fees for similar work, from \$25 up according to the nature of the charter.

Recorder's fee, 25 cents per folio, including certificate with seal; for copies, 15 cents per folio (pp. 306, 307), or outside the Parish of Orleans, 10 cents per folio for recording and same for copies. p. 292. Cost of publication varies with the location, newspaper selected and the length of charter.

Franchise Tax. None imposed. A license tax is, however, imposed on gross receipts of various enumerated businesses at varying rates, which differ for foreign corporations. pp. 1674-1723, 1714-1716.

Local Taxation. There are certain constitutional exemptions in favor of mining and manufacturing properties for ten years from January 1, 1900. Const., Art. 230. Corporate stock is taxed only on the excess of market value over tangible property otherwise assessed. Merchants, etc. Co. v. Assessors, 40 La. An. 371 (1888); State v. Board of Assessors, 47 La. An. 1498 (1895).

General. For filing annual statement, \$15; additional papers, 25 cents. p. 1749.

3. Incorporation.

Incorporators. Of general corporations must be three or more. L. 1904, Act 78. No requirements as to residence.

Charter. Is to be signed and acknowledged before a notary public (pp. 228, 229), and must contain (p. 228):

(1) Name and title of the corporation. Name must end with the word "limited" if liability of stockholders is to be limited and this name must be conspicuously displayed outside every office or place of business of the corporation and on all its stationery. pp. 242, 243.

(2) Place of its domicile. Must be within the State. Const., Art. 264.

(3) A description of the purposes for which it is established and the nature of the business to be carried on.

(4) Designation of officer on whom citation may be served.

(5) Amount of capital stock, the number of shares, the amount of each, and the time when and manner in which subscriptions shall be paid. Of limited liability corporations, stock must not be less than \$5,000. p. 243. Of mechanical, manufacturing and mining corporations not less than \$5,000 nor more than \$1,000,000. p. 227.

(6) The mode of elections of directors or managers.

(7) Mode of liquidation at the termination of charter. Charter period is 99 years. p. 227.

Filing and Recording. The duly executed charter is recorded in the office of the recorder of mortgages (outside of the Parish of Orleans the clerk of the district court is *ex officio* recorder) at the domicile of the corporation, together with a list of the original subscribers to the stock of the corporation. The charter is then published in a newspaper at its domicile, or within the Parish, once a week for thirty days. A copy of the charter certified by the recorder and having attached a certificate of the book and folios of such record, together with the list of subscribers and a copy of the newspaper with proof of due publication by the publisher, is filed with the Secretary of State. pp. 228-9.

4. Organization.

First Meetings. Must be held at place of domicile in Louisiana. p. 253. As no directors or officers are named in the charter, an election of directors must be held by incorporators and an election of officers thereafter by the directors.

By-Laws. Are to be adopted by stockholders. p. 227.

Certificates. None required to show completed organization.

5. Corporate Existence.

When Commenced. On filing charter in Secretary of State's office, extracts from his books being proof. p. 230. The corporate existence lasts ninety-nine years. p. 227.

Beginning Business. May be commenced forthwith but generally corporations must have at least \$3,000 subscribed stock. L. 1904, Act 78.

Renewal. No provisions.

Forfeiture of Charter. Is to be decreed by the district court at the instance of any creditor, on insolvency, evidenced by return of execution with no property found. p. 231. Charter is to be forfeited for issuance of fictitious stock. Const., Art. 266; State v. Water Supply Co., 111 La. 1049 (1903). For violation of law against trusts and combinations, charter may be forfeited. p. 1804.

Dissolution. May be had on a three-fourths vote of the stock represented at regular meeting, certificate of same being filed as was original charter, together with copy of minutes and resolutions attested by the secretary of the corporation. pp. 229, 230. Charter is to contain provisions for liquidation. p. 228.

6. Corporate Powers.

General. The usual powers are enumerated. p. 227.

To Hold Property. No corporation shall hold any real estate

for a longer period than ten years, except such as is necessary for its business. Const., Art. 265.

Its Own Stock. On sale of stock after default on payment of calls, a corporation may purchase its own stock. Succession of Thomson, 46 La. An. 1074 (1894). But such purchase cancels it and it is reissued as new stock. Belknap v. Adams, 49 La. An. 1350 (1897).

Stock of Other Corporations. This power has been recognized by the courts. Mulqueensy v. Shaw, 50 La. An. 1060 (1898); State v. Newman, 51 La. An. 833 (1899). But it may not vote such stock at elections of officers to govern the other corporations, since that would amount to engaging in other business than that authorized by its charter. State v. Newman, supra.

To Borrow Money. This power is granted without limit to certain manufacturing corporations and corporations for internal improvements, with the power to mortgage property and issue bonds for corporate purposes. p. 233. By action of the president and directors, bonds may be converted into stock within ten years from their date. p. 236.

To Do Business in Other States. Is permitted by implication in the provisions directing an office with agent in charge, and books to be kept in the State. pp. 228, 253; Const., Arts. 264, 273.

Consolidation or Merger. Of any two business or manufacturing corporations, whose objects and business are of the same general nature, may be accomplished by a three-fifths vote of the capital stock of each of the constituent companies. Certificate to be filed and recorded the same as original charter (p. 246), but in addition there must be filed with the Secretary of State the agreement of consolidation and a copy of the minutes of the meetings (p. 229), the agreement to be duly acknowledged and the copy attested and acknowledged by the secretary of the corporation. p. 229; Hancock v. Holbrook, 40 La. An. 53 (1888).

Amendment of Charter. May be made by a three-fourths vote of the stock represented at a meeting convened for that purpose. Amendments are filed and recorded the same as the original charter (p. 230), but a copy of the minutes of such meeting, duly attested and acknowledged by the secretary of the corporation, must also be filed and recorded with the Secretary of State. p. 229. (See under § 7, "Increase or Decrease.")

7. Capital Stock.

Amount. Of limited liability companies must be not less than \$5,000. p. 243. Of mechanical, manufacturing and mining corporations, not less than \$5,000 nor more than \$1,000,000. p. 227.

Initial Payment. General corporations must have a subscribed capital of not less than \$3,000. L. 1904, Act 78.

Consideration for Issue. May be labor done or money or property actually received, but all fictitious issues of stock are void, and

render corporation liable to forfeiture of charter. Const., Art. 266. Time and manner of payment of subscriptions are to be prescribed in the charter. p. 228.

Increase or Decrease. May be had by a vote of two-thirds value of the stock, at a meeting duly called for that purpose on notice published at least thirty days and sent by mail at least forty days before such meeting. Two-thirds of the stock must be present to constitute a quorum. A certificate of the proceedings, showing all the facts as to the vote and increase or decrease of the stock, and as to the debts and liabilities of the corporation, is signed and verified by the chairman and secretary of the meeting and filed with the Secretary of State. pp. 230, 231; Const., Art. 267.

Classes of Stock. No provisions.

Par Value of Shares. No limitations. Is to be prescribed in charter. p. 228.

Stock Certificates. Are not prescribed as to form. *Benedict v. Co.*, 32 So. 174 (1902).

Transfer of Stock. May be made as between the parties by delivery of the certificate, accompanied by a written transfer or power of attorney, but no such transfer is valid as against the corporation until recorded on the books of the corporation or issue of new certificate. L. 1904, Act 180.

8. Stockholders.

Rights and Powers. They control amendments by a three-fourths vote. p. 230. A majority may liquidate. *Trisconi v. Winship*, 43 La. An. 45 (1891). They have full right to examine books. Const., Art. 273; *State v. Bank*, 51 La. An. 426 (1899); *Bourdette v. Sieward*, 52 La. An. 1333 (1900).

Liability. Provided the word "limited" is the last word of the corporate name, no stockholder shall ever be held liable for the contracts or faults of a corporation on any further sum than the unpaid balance due to the company on the shares owned by him. pp. 232, 243.

Meetings. Must be held at the place of domicile in the State. p. 253. Notice for meetings to increase or decrease stock is prescribed by Constitution to be thirty days. p. 230; Const., Art. 267. Otherwise all matters regarding meetings are left to the by-laws.

9. Directors.

Number. Not prescribed.

Qualifications. No provisions. May be fixed by by-laws. *Fowler v. Co.*, 104 La. 751 (1901).

Powers. Are to be defined by by-laws. *Fowler v. Co.*, 104 La. 751 (1901); *Co. v. Flanner*, 44 La. An. 22 (1892).

Liability. Directors and all other persons involved are liable for any resulting damage or indebtedness arising from the omission of the word "limited" from the corporate name. p. 243. They are also liable to fine and imprisonment for violation of anti-trust laws. pp. 1804-1806.

Meetings. Must be held at the place of domicile in the State. p. 253. Time, notice and quorum to be regulated by by-laws.

Executive Committee. No provisions.

10. Officers.

General. Corporations must keep a record of the names and addresses of their officers. Const., Art. 273. Their number, designations and duties are to be prescribed by by-laws. p. 227. They are liable in damages for refusal to allow examination of books. *Bourdette v. Seward*, 107 La. 258 (1902). (See "Liability," under § 9.)

11. Principal Office.

One must be maintained in the State, and be named in the charter, with an agent in charge thereof on whom process may be served. pp. 228, 253; Const., Art. 264. The corporate name must be conspicuously displayed on its offices or places of business and stationery. p. 243; Const., Art. 273.

12. Corporate Books.

What Required. Transfers of stock must be made at the corporate office or place of business, where books shall be kept showing the amount of capital stock subscribed, the names of its owners, the amounts owned and paid by them respectively, the transfers of stock with dates, the corporate assets and liabilities and the names and residences of officers. Const., Art. 273.

Where Kept. They must be kept at its place of domicile in its office. Const., Art. 273.

Examination of. Shareholders have full right to examine books, and for refusal have cause of action for damages against the officers. *Bourdette v. Seward*, 52 La. An. 1333 (1900); *State v. Allen*, 104 La. 301 (1901). The corporate books are open for public inspection. Const., Art. 273.

13. Reports.

For purposes of assessments and taxation, the assessor must be furnished with a sworn statement of the cost of the real and personal property of the corporation, the value at which it is carried on the books and of the earning capacity of the corporation. This statement must be made within the first twenty days of January of each year. p. 1563. In New Orleans tax returns must be made on blanks

furnished, within twenty days of the time such blanks are received. pp. 1558, 1559.

14. Foreign Corporations.

How Authorized to Do Business. All foreign corporations except mercantile corporations, doing business in the State, must file in the office of the Secretary of State a declaration of the place of domicile, the place or places of business in the State, together with the name of agent or officer in the State on whom process may be served. pp. 253, 254; L. 1904, Act 54, to carry into effect Const., Art. 264. They are subject to law against trusts and combinations. p. 1805. Fees are the same as of domestic corporations. p. 1749; State v. Warehouse Co., 109 La. 64 (1903).

Penalties for Non-Compliance. Process may be served on any person acting for such foreign corporation. p. 254.

Taxation, Books and Reports. They are, generally speaking, subject to all the laws and regulations of domestic corporations of the various classes, and tax returns and taxes are the same. p. 1563; State v. North American, etc., 106 La. 621. The Constitution, however, provides that foreign corporations may be taxed by a different mode from that prescribed for domestic corporations. Const., Art. 242. Various classes of foreign corporations are accordingly subjected to a license tax on gross receipts at various rates distinct from domestic corporations. pp. 1714-1716; New Orleans v. Ins. Co., 106 La. 31 (1901).

15. Combinations and Monopolies.

Are prohibited (pp. 1804-6) on penalty of forfeiture of charter; and violation is declared a conspiracy against trade, punishable by fine not less than \$100 nor more than \$1,000 and imprisonment six months to one year. Monopolies are declared misdemeanors, punishable by fines not exceeding \$5,000. p. 1806; State v. Warehouse Co., 109 La. 64 (1903).

MAINE.

1. Corporation Laws.*

Constitution. "Corporations shall be formed under the general laws and shall not be created by special acts of the Legislature, except for municipal purposes and in cases where the objects of the corporation can not otherwise be attained, and, however formed, they shall be forever subject to the general laws of the State." Const., Art. IV, Part 3, § 14.

Statutes. The General Corporation Law is found in the Revised Statutes of 1903 (in effect Jan. 1, 1904), under Title Four. Under the provisions of Chapter 47, business corporations may be formed to carry on lawful business anywhere, including navigation "upon any waters where such corporations may navigate." Also corporations for the construction and operation of railroads, and telegraph, telephone, gas or electrical companies, provided that their functions are to be exercised in other states and jurisdictions where permitted by the laws thereof, and that the articles of agreement and certificate of organization so specify. Chapters 48 to 60 relate to special incorporations as follows: Banks (Ch. 48); insurance (Ch. 49); bridges (Ch. 50); railroad (Ch. 51, 52); street railroad (Ch. 53); navigation (Ch. 54); gas, electrical, telegraph and telephone (Ch. 55); water and aqueduct (Ch. 56); library and charitable (Ch. 57); land, wharf and real estate (Ch. 58); mills (Ch. 59); agricultural (Ch. 60).

2. Taxes and Fees.

Organization Expenses. To Treasurer of State when capital stock does not exceed \$10,000, \$10; above \$10,000 but not exceeding \$500,000, \$50; above \$500,000, \$10 for each \$100,000 thereof. § 8. To Attorney General for examination and approval of certificate of organization, \$5. To Secretary of State, filing fee, \$5. R. S., Ch. 117, § 17. To Register of Deeds for recording certificate of organization and certifying copy of same, usually about \$5.

All fees must be paid in advance. The Treasurer's receipt for incorporation fees must be filed with the Secretary of State before he will file charter. § 8. (See "Filing and Recording" under "Incorporation.")

Franchise Tax. An annual franchise tax is imposed as follows: On authorized capital stock not exceeding \$50,000, \$5; above \$50,000 but not exceeding \$200,000, \$10; above \$200,000 but not exceeding

* Except where otherwise noted, references are to Chapter 47 of the Revised Statutes, in effect January 1, 1904.

\$500,000, \$25; above \$500,000 but not exceeding \$1,000,000, \$50, and a further sum of \$25 for each \$1,000,000 or any part thereof in excess of \$1,000,000.

This tax is assessed by the Board of State Assessors on or before the first day of July in each year, is certified by them to the Secretary of State and becomes due and payable on the first day of September thereafter. It may be recovered by an action of debt when one month in arrears, and, if one year in arrears, renders the corporate charter liable to forfeiture. R. S., Ch. 8, §§ 18-22.

Local Taxation. Corporations are taxed on all real and personal property as are individuals. R. S., Ch. 9, § 16. Mines are exempt from taxation for ten years from time of opening, but are taxed on their land values and surface improvements. R. S., Ch. 9, § 6.

Shares of stock are taxed locally as personal property at their actual value, after deduction therefrom of the value of machinery, goods manufactured or unmanufactured, and real estate, belonging to the corporation and upon which it is taxed (R. S., Ch. 9, § 13), except in the case of manufacturing, mining and smelting and real estate corporations, paying taxes upon their property, in which the shares of capital stock are not taxed to their owners. R. S., Ch. 9, §§ 25, 26.

General. On amendment of charter, \$5 must be paid to Secretary of State for certificate of change. R. S., Ch. 117, § 17. In addition, on amendments increasing the capital stock, from \$10,000 or less to not exceeding \$500,000, \$40 must be paid; if the increased capital stock exceeds \$500,000, \$10 must be paid for each \$100,000 of such increase. § 39. To Attorney General for certificate of dissolution, \$5. R. S., Ch. 117, § 17.

3. Incorporation.

Incorporators. Must be three or more. § 6. No requirements as to residence or other qualifications.

Formation.

1. **Articles of Agreement.** Are entered into and signed by the incorporators for the formation of the proposed corporation (§ 6), setting forth in full the purposes of the corporation and usually containing a waiver of notice of the first meeting, and fixing the time, the place (in Maine) and the purposes thereof.

2. **First Meeting of Incorporators.** The incorporators meet at the time and place in the State of Maine designated by the Articles of Agreement, or, if not designated therein, pursuant to written waiver signed by all the incorporators, or otherwise the meeting is assembled by written notice signed by one of the incorporators, and served on the incorporators personally or by publication fourteen days prior to the time appointed for such meeting. At such meeting the incorporators, either in person or by duly empowered attorney, organize into a corporation, adopt a corporate name, define

the purposes of the corporation, fix the amount of capital stock, which shall not be less than \$1,000, divide it into shares, and elect not less than three directors, a clerk, a treasurer and any other necessary officers, and adopt by-laws. § 7.

3. **Certificate of Organization.** Before beginning business the president, treasurer and a majority of the directors must sign and make oath to a Certificate of Organization (§ 8), setting forth:

- (1) Name and purposes of the corporation.
- (2) Amount of capital stock.
- (3) Amount already paid in.
- (4) Par value of shares.
- (5) Names and residences of the owners.
- (6) Name of the county (in Maine) where the corporation is located.
- (7) Number and names of directors.
- (8) Name and residence of clerk.

If any classification of stock is desired it is usually stated in the certificate of organization. There are no restrictions as to name, except that the use of the word "bank," "savings," "trust," and the like, is prohibited in any name except of banking corporations. L. 1903, Ch. 171. As many purposes as desired may, if allowable under the general law, be included. Amount of capital stock must not be less than \$1,000. No specified amount need be paid in. Shares may be of any desired par value.

4. **Filing and Recording.** After the certificate of organization has been duly executed, it is submitted to the Attorney General for approval, and, if in due form, is so certified by him. Fee, \$5. The certificate with the Attorney General's endorsement must then be recorded in the registry of deeds in the county where the corporation is located, and the original certificate and a copy certified by the Register of Deeds (fee, \$5) must be filed in the office of the Secretary of State within sixty days from the date of the first meeting. The Secretary of State endorses the date of filing on both certificates, records the certified copy and returns the original to the corporation. Fee, \$5. All fees payable in advance. § 8.

The Treasurer's receipt for incorporation fees must be filed with the Secretary of State before this latter official will file the certificate. § 8. (See "Organization Expenses.")

The existence of corporation dates from time certificate is filed in the Secretary of State's office. § 10.

4. Organization.

First Meetings. (See "Formation" under "Incorporation," § 2.) Must be held within the State. *Miller v. Ewer*, 27 Me. 509; *Freeman v. Machias Co.*, 38 Me. 343. See generally as to organization; *Ass'n v. Alexander*, 61 Me. 351, 356; *Poor v. Willoughby*, 64 Me. 381. Where the incorporators are non-residents and the proposed directors are

also non-residents, the first meetings are usually held by means of dummies authorized to act by powers of attorney given them by the incorporators. Through them the permanent directors and officers are elected. Thereafter the board of directors so elected may hold their meetings and transact the corporate business outside the State. § 19.

By-Laws. Are to be adopted at the first meeting of the incorporators. § 7. These may provide for the manner of calling and conducting meetings; the number of members to constitute a quorum; the number of votes to be given by shareholders; by whom officers, except president and directors (who must be elected by the stockholders), shall be elected; the tenure of the several officers; the mode of voting by proxy, and of selling shares for non-payment of assessments; and may be enforced by penalties not exceeding \$20. May also provide for classes and classification of stock (§§ 47, 49), and for standing committees. § 19.

Election of Officers. The incorporators at their first meeting elect not less than three directors, a clerk, a treasurer and other necessary officers. § 7. Thereafter the officers are elected annually and hold office until their successors are chosen and qualified in their stead. § 19. (See "By-Laws.")

The president is elected by the directors out of their number. *Id.*

Certificates. None required to show completed organization.

5. Corporate Existence.

When Commenced. On filing copy of certificate of organization with Secretary of State. § 10. Its duration is not limited by law, nor required to be stated in incorporation papers. It continues for three years after expiration of the charter period or dissolution of the corporation for the purpose of closing up the corporate affairs. § 77.

Beginning Business. The corporate business may be commenced forthwith, and must be commenced within two years. R. S., Ch. 1, § 6, XXIX.

Renewal. Is not provided for, the law contemplating perpetual existence.

Forfeiture of Charter. On failure to commence business within two years from the date of filing certificate in office of the Secretary of State, the corporate charter is forfeited and becomes void. R. S., Ch. 1, § 6. Also the charter may be forfeited by judicial proceedings, on failure for one year to pay annual franchise tax. R. S., Ch. 8, §§ 18-22.

Dissolution may be decreed by court on quo warranto, for failure to make returns as to trusts and combinations. §§ 53-56; L. 1889, Ch. 266.

Dissolution. May be had through the courts (§§ 78-83) by application of the stockholders, or involuntarily, on quo warranto for nonfeasance or malfeasance. *Reed v. Canal*, 65 Me. 132; *State v.*

Corp., 85 Me. 17. On application to Attorney General and due proof that the corporation has ceased to transact business, the corporation will be excused from making annual returns. § 31. Appointment of receiver on insolvency is provided for. L. 1905, Ch. 85.

6. Corporate Powers.

General. The usual powers of corporations are enumerated and expressly conferred. § 46.

To Hold Property. The right to hold property within and without the State is given by express provision. § 46.

Its Own Stock. There are no statutory provisions authorizing a corporation to hold its own stock, though in practice stock issued in payment for property at the time of organization is frequently returned in part to the corporation for its use. Shares hypothecated to the corporation can not be voted at meetings. § 17.

Stock of Other Corporations. This power is expressly and fully conferred. § 51; Franklin Co. v. Institution, 68 Me. 43; Ulmer v. R. R. Co., 98 Me. 579 (1903).

To Borrow Money. The power to mortgage the corporate property, within or without the State, is expressly and fully given. §§ 48, 51. No requirement that assent of stockholders shall be obtained. No limitations as to amount of indebtedness.

To Do Business in Other States. This power is granted broadly (§ 48) as to "any corporate acts not required to be performed in the State." Amendments of 1903, Ch. 182. Directors may hold their meetings out of the State. § 19.

Consolidation or Merger. Permitted by statute. Must be authorized by a majority vote of the issued stock. § 56. Remedy of minority stockholders is fully provided. §§ 57-67; Ulmer v. R. R. Co., 98 Me. 579 (1903).

Amendment of Charter. The statutes authorize specifically, by due affirmative action of a majority in interest of the issued stock, the change of the corporate name (§ 47), the increase (§ 39) or decrease of the capital stock (§ 40), provided this latter does not affect the rights of creditors (See "Capital Stock"), the change of the number of directors (§ 39), etc., and, indirectly gives general authority for the amendment of the certificate of organization in the following provision: "Whenever a corporation shall make a change in its charter or certificate of organization, in any manner, for the more convenient transaction of its business, it shall forward a notice of such change to the Secretary of State, who shall record the same in a book kept for that purpose." § 45.

7. Capital Stock.

Amount. Is not to be less than \$1,000. § 7. Must be stated in the certificate of organization. § 8.

Initial Payment. Must be stated in certificate of organization (§ 8), but no statutory requirements exist as to amount or time of this first payment.

Consideration for Issue. Must be *bona fide* in cash or in some matter or thing at a *bona fide* and fair valuation thereof. § 87; Libby v. Tobey, 82 Me. 397.

A corporation may issue stock in payment for services rendered and also for property necessary for business and for the stock of other corporations owning property necessary for its business, the judgment of the directors as to value to be conclusive in the absence of actual fraud. § 50.

Assessments, not exceeding the amount originally limited for a share, may be made on all shares subscribed and not paid for. The method of selling shares for failure to pay assessments may be provided for in the by-laws. The law provides, however, that after default in payment for thirty days, the treasurer may after prescribed notice sell at public auction a sufficient number of the shares to pay the amount due with incidental charges. §§ 37, 38.

Increase or Decrease. The capital stock may be increased by a majority vote of the issued stock. A certificate thereof must be filed with the Secretary of State within ten days thereafter. § 39. It may be decreased by a majority vote of all the issued stock at the annual meeting when due notice thereof has been given, or at a meeting duly called for that purpose, provided such decrease does not affect or prejudice the rights of creditors. A certificate of such decrease must be filed with the Secretary of State within ten days thereafter. Reduction on account of impairment of capital is permitted. §§ 40-44. (See "Incidental Expenses"; also "Amendment of Charter.")

Classes of Stock. Every corporation may create two or more kinds of stock with such classes and with such designations, preferences and voting powers, or restrictions or qualifications thereof, as shall be fixed and determined in the by-laws, or by vote of the stockholders at a meeting duly called for the purpose. § 49.

Par Value of Shares. Is not prescribed. Must be stated in the certificate of organization, and may be changed by a majority vote of the stock issued at a meeting called for that purpose. § 36. (See "Amendment of Charter.")

Stock Certificates. Must be signed by the president or vice-president and attested by the cashier, clerk or treasurer with the corporate seal affixed. The officers or any of them are forbidden to sign certificates in blank or without knowledge of the apparent title of the person to whom they are issued. The signature of a majority of the directors may be used in place of the official signatures in an emergency. § 34.

Transfer of Stock. Stock is transferred by assignment of certificate and record of the transfer on the books of the corporation, but delivery of the fully assigned certificate to a *bona fide* purchaser is a valid transfer as against all parties save the corporation. § 34. Transfers are not valid as against the corporation until entered on the corporate books or until a new certificate is issued the transferee. § 35.

8. Stockholders.

Rights and Powers. The stockholders have full and sole control of the by-laws. All amendments of the charter must be made by

them. No lease, sale or other disposition of the corporate franchises may be made save with the duly expressed assent of a majority of its stockholders, but dissenting stockholders may, by proper proceedings, compel the corporation to pay the value of their shares. §§ 56-67.

Liability. The stockholders are liable for corporate debts to the extent of amounts withdrawn or subscriptions not paid in (§ 86), and payments of subscriptions must be *bona fide*; but the judgment of the directors as to value when payment is made in property or services is conclusive in the absence of actual fraud (§ 50), and the stockholders are liable only for debts contracted during their ownership of unpaid stock. Proceedings for the recovery of such debt must be begun during the ownership of such stock or within one year of its transfer as shown by the corporate books. Stockholders are not liable for mortgage indebtedness of the corporation. § 89. Provision is made for actions in equity to enforce individual liability. §§ 90-96; *Libby v. Tobey*, 82 Me. 397; *Pulcifer v. Greene*, 96 Me. 438 (1902); *Hale v. Cushman*, 96 Me. 148 (1902).

Meetings. Stockholders' meetings must be held in the State. § 12. Notice. Is to be provided for by by-laws. § 47. But when all the members are present in person or by proxy, meetings may be held on their written consent duly entered on the record. § 16. Three members may apply to a justice of the peace for a warrant to one of them to call meeting. If publication of notice be required, the justice should name the newspaper in his warrant. §§ 12, 13.

Quorum. Should be prescribed by the by-laws. § 47. *Ellsworth Co. v. Faunce*, 79 Me. 440; *Castner v. Co.*, 91 Me. 524.

Voting. The statutes make no direct provision, but state that the by-laws may provide the number of votes to be given by shareholders. It is therefore usual to provide in the by-laws that each stockholder shall be entitled to one vote for each share of stock standing in his name on the books of the corporation. If cumulative voting is desired it must be provided for in the by-laws. § 47. (See "By-Laws," under § 4.) Pledges of stock do not vote. § 18.

Proxies. Stockholders may be represented by proxies granted not more than thirty days before the meeting, which are invalid after final adjournment of the meeting. They may be represented by a general power of attorney produced at meetings, until such power is revoked. § 17.

9. Directors.

General. Directors must be elected by the stockholders, and hold office until their successors are elected and qualify, and may be divided into classes and elected for a longer term than one year by proper provision in the by-laws. § 19.

Number. Must be not less than three. § 7. No maximum limit. Number of directors may be changed by a majority vote of the issued stock; certificates thereof to be filed with the Secretary of State within ten days thereafter. § 39.

Qualifications. Directors must be stockholders. No director can hold office after he ceases to be a stockholder. § 19. No requirements as to residence.

Powers. Usual powers. No statutory provisions.

Liability. For voting a dividend to the prejudice of corporate debts, directors are subject to a fine not exceeding \$2,000, and imprisonment of not less than a year, and are also liable to the extent of such dividend to the creditors. § 32.

Division of capital before all debts are paid, and except to close the corporate concerns, is forbidden (§ 88); and a judgment creditor's action in equity is provided for, to enforce personal liability against the persons guilty of violation. §§ 89-96.

Meetings. May be held without the State. § 19. Notice is not provided for by statute. Should be prescribed in by-laws. Unless otherwise provided by the by-laws, a quorum must be a majority. *Peirce v. Co.*, 94 Me. 406.

10. Officers.

General. Officers may be elected at the first meeting of the incorporators, and thereafter by the directors, unless otherwise provided in the by-laws. § 47. These officers are a president, who must be a director and is elected by the directors (§ 19), and a clerk who must be a resident of the State (§ 20), a treasurer and other necessary officers. § 19. The treasurer must file a bond; the clerk must be sworn and must keep a record of all votes. § 19. Officers are to be elected annually, but on failure of election hold office until their successors are chosen and qualify. Clerk must file certificate of his election within twenty days after accepting the office, in the registry of deeds of the district in which the company is located (§ 22), and his resignation must be likewise filed. § 23.

Liability. For preventing access to the corporate books as provided by law, officers are liable for all damages occasioned thereby. § 21. For neglect to file annual reports, the officers guilty forfeit \$500. § 30. (See "Corporate Books.")

11. Principal Office.

An office must be maintained at some fixed place within the State, in charge of a clerk who keeps the corporate records. § 20.

May be changed from one county of the State to another by a majority vote of the stock issued at any legal meeting, and on filing certificate thereof within twenty days after the change, in the registry of deeds in each of said counties. §§ 22, 52.

12. Corporate Books.

What Required. A book showing a true and complete list of all stockholders, their residences and the amount of stock held by each; also a record showing all votes of the corporation. The stock book is competent evidence as to who are stockholders and the amount of stock held by each. § 20.

Where Kept. To be kept at the clerk's office within the State,

(Maine)

except as to corporations doing business in the State and having a treasurer's office therein, which may keep the stock book at such office. §20.

Examination of. Such record and stock books shall be open at all reasonable hours to the inspection of persons interested, who may take copies and minutes therefrom of such parts as concern their interests. §§ 20, 21.

The books are also open to tax assessors as to records of stocks and dividends paid thereon, on penalty of \$500 fine. Manufacturing companies are exempted from this provision. R. S., Ch. 9, § 31.

13. Reports.

Every corporation for profit, except those organized under Chapter 57 of the Revised Statutes, and such other corporations as are liable to a franchise tax other than the tax provided for in § 18 of Chapter 8 of the Revised Statutes (See "Franchise Tax"), or unless excused therefrom on account of non-user of franchise (§ 31), must annually on or before June 1st, file in the office of the Secretary of State, a return signed and verified under oath by its president and treasurer, containing the names and residences of its directors, president, treasurer and clerk, the location of its principal office, and the amount of its authorized capital stock. Blank forms are furnished by Secretary of State. § 26. Penalty for non-compliance, a fine of \$500 and costs to the State. § 27.

State officers are charged with certain duties, to ascertain and prosecute delinquent corporations, and in 1903, a special law was passed (Ch. 235) to further enforce this and appropriating a fund for expenses; also the Laws of 1903 (Ch. 235) provide a further penalty of \$300.

Directors of corporations doing business in the State must send to the librarian of the State Library, copies of all printed reports relating to the affairs of the corporation. R. S., Ch. 3, § 15.

Affidavits as to trusts and combinations are also required to be made on request of Secretary of State. L. 1889, Ch. 266.

14. Foreign Corporations.

How Authorized to Do Business. No statutory requirements to be complied with. Foreign corporations are permitted to sue and be sued, and may act by agents the same as non-resident persons (R. S., Ch. 7, § 76); but they are subject to the laws of the State. *Dryden v. R. R. Co.*, 60 Me. 512; *Cousins v. Lovejoy*, 81 Me. 467; *State v. R. N. T. Co.*, 73 Me. 518. Their property is attached as that of non-residents. § 76.

Taxation. No annual franchise tax is imposed on foreign corporations. They are taxed locally on their real and personal property in the State.

15. Combinations and Monopolies.

These are prohibited in general terms (L. 1889, Ch. 266), under penalties of fine of not less than \$5,000 nor more than \$10,000; violation being declared a misdemeanor.

MARYLAND.

Enactments of 1906.

1. Corporation Laws.

Statutes. Section 16, Art. XXIII of the Public General Laws, 1904, is amended by adding to the purposes for which corporations may be formed, "poultry associations for the purpose of dealing in eggs, increase of poultry and other things connected with poultry farming." L. 1906, Ch. 722, p. 1211.

2. Taxes and Fees.

Franchise Tax. A franchise or gross receipts tax to be paid on gross earnings has been imposed on certain corporations as follows: On railroad companies at the rate of $1\frac{1}{4}\%$ on first \$1,000 earned per mile, 2% on second thousand, and $2\frac{1}{2}\%$ on any excess; on telegraph, express, pullman car, safe deposit and trust companies at the rate of $2\frac{1}{2}\%$ on total gross earnings; on telephone, oil pipe lines, guarantee and title insurance companies at the rate of 2%; on electric light companies at rate of 1%; on electric construction, gas, guano, phosphate or fertilizer companies at rate of $1\frac{1}{2}\%$. Foreign corporations doing business in State are taxed at same rate. L. 1906, Ch. 712, p. 1196.

Local Taxation. Stock corporations having investments in stock debt, etc. of Maryland or Baltimore or in stock of any corporation on which taxes are already paid may deduct same from corporate property subject to taxation. Certain new issues of stock debt are excepted. This amendment is not to affect any pending litigation. L. 1906, Ch. 467, p. 897.

6. Corporate Powers.

To Hold Property. The provisions of Section 227, Art. XXIII of Public General Laws, 1904, are amended and now prohibit mining companies from holding more than 1,500 acres in Garrett County, more than 1,000 acres in Alleghany County and more than 500 acres in any other county. A majority in interest of the stockholders of such companies shall constitute a quorum at any meeting. The capital stock of mining companies shall not exceed \$3,000,000. L. 1906, Ch. 178, p. 259.

Criminal Process against Corporations. In case of indictment against corporation, the Attorney General may serve process as in civil suits. On sheriff's return the corporation shall be deemed in court. Clerk of court may plead not guilty for corporation and criminal trial may follow. Execution shall issue for fine and costs. L. 1906, Ch. 403, p. 729.

15. Combinations and Monopolies.

Gas companies may consolidate to give cheaper and better service by one company leasing another or owning stock therein. L. 1906, Ch. 167, p. 231.

MARYLAND.

1. Corporation Laws.*

Constitution. (1867.) Corporations not to be created by special act when they may be created under general laws. Art. III, § 48. State credit not to be loaned to a corporation. Id., § 34. Revenues of foreign corporations to be taxed. Id., § 58. Monopolies to be prohibited. Declaration of Rights, § 41.

Statutes. The general corporation law is found in the Public General Laws of Maryland (1904), Article XXIII, of which §§ 1-112 and 360-417 contain general provisions. The intervening sections refer specially to bridge, building and homestead, cemetery, gas and electric, insurance, manufacturing, mining, railroad, religious, telegraph and telephone, water, trust and surety, turnpike, co-operative and fraternal corporations. §§ 137-141 relate to foreign corporations. Article XI treats of banks.

Twenty-eight classes of corporations are enumerated and authorized by §§ 15-43, including corporations for manufacturing, mechanical, industrial and chemical pursuits and the sale of their products (§ 21, Class 6); also mercantile corporations. § 24, Class 9. Two or more purposes may be combined. § 44.

2. Taxes and Fees.

Organization Expenses. To State Treasurer: A bonus or organization tax of one-eighth of one per cent. of the authorized capital stock. Art. 81, § 98.

To Clerk of Court: For filing certificate of incorporation, \$5; seal, 10 cents; recording and for copies, 10 cents per folio. Art. 36, § 12.

Franchise Tax. None imposed. An annual tax of one-eighth of one per cent. of the capitalization is, however, required of any business corporation that does not commence business within two years of the time of its incorporation. This tax ceases as soon as the corporate operations are actually begun. § 109.

Local Taxation. A State tax is imposed on the property value of the capital stock. This tax is fixed by the State Board according to the value of corporate property, which is thereby exempt (§ 4), and is payable on the second day of January. It is paid by the cor-

* References, except where otherwise noted, are to Public General Laws (1904), Article XXIII.

poration and may be collected from the stockholders. Art. 81, §§ 87, 159. Delinquent taxes bear interest at the rate of 5 per cent. per annum. Id., § 93.

Tax returns are to be made by March 1st of each year. Id., §§ 156-159, 161, 162. President must file copy of certificate of incorporation certified by court clerk in office of State Tax Commissioner under penalty of \$50 fine. Id., § 154.

General. On increase of capital stock a fee of one-eighth of one per cent. of the amount of increase must be paid State Treasurer. Art. 81, § 98.

3. Incorporation.

Incorporators. Must be five or more, citizens of the United States, a majority of whom are citizens or residents of the State. Unnaturalized residents may become incorporators by making affidavit of their *bona fide* intention to become citizens without unreasonable delay. § 14.

Certificate of Incorporation. Must be signed, sealed and acknowledged by each of the incorporators, and must state (§ 50):

- (1) Full names and addresses of the applicants.
- (2) Proposed corporate name, which must include the name of the county or city in which it may be formed.
- (3) Object or purposes for which incorporation is sought.
- (4) Time of existence, not to exceed forty years, and the articles, conditions and provisions under which the corporation is formed.
- (5) Place or places where operations are to be carried on, and location of principal office in the State.
- (6) Amount of capital stock. No limitations except as to mining companies, which may not exceed \$3,000,000. § 227.
- (7) Number and par value of shares of stock. Par value may be any desired amount.
- (8) Number of trustees, directors or managers and names of those to serve for the first year.

Filing and Recording. This certificate is submitted to one of the judges of the judicial circuit within which the principal or any office of the corporation is to be located, or if in Baltimore, to one of the judges of the Supreme Bench in Baltimore. If approved, the judge certifies such approval on the certificate and it is thereupon recorded in the office of the clerk of the circuit court for the county in which the principal office is to be located; or in the office of the clerk of Superior Court of Baltimore, if located in that city. §§ 51, 52.

4. Organization.

First Meetings. Of stockholders must be held within the State. § 65. There are no special regulations as to first meetings of either stockholders or directors.

By-Laws. May be adopted for the management of the corporate property, regulation of affairs, transfer of stock, and for forfeiture of delinquent stock and disposition of proceeds thereof; for calling regular, special and general meetings of directors, and fixing time and place or places for holding the same. The by-laws may be amended by the directors, such amendments to be confirmed by stockholders at regular or annual meeting, and to cease to be in force after next annual meeting unless so confirmed. § 63; *Darrin v. Hoff*, 99 Md. 491 (1904).

Certificates. Before transacting any corporate business, the president of the corporation must file a copy of the certificate of incorporation, certified by the clerk of court in whose office the original is filed, and recorded in the office of the State Tax Commissioner, on penalty of fine of \$50. Art. 81, § 154.

5. Corporate Existence.

When Commenced. On recording certificate of incorporation. § 53. Is not to exceed forty years. §§ 50, 55.

Beginning Business. May not be commenced until certified copy of certificate of incorporation has been filed with State Tax Commissioner. Art. 81, § 154. Unless begun within two years a franchise tax must be paid. Corporate powers are suspended during delinquency in payment of tax. § 107.

Renewal. No statutory provisions.

Forfeiture of Charter. For misuse, abuse or non-use of corporate powers, or for failure to pay bonus for two years, Attorney General may institute proceedings to annul the franchise (§§ 368-375), and in any such case on application of any citizen, the Governor may direct Attorney General to secure injunction against further exercise of corporate powers. § 376.

Dissolution. May be authorized by a majority vote at a duly called meeting. Petition embodying the vote and reasons with statement of the assets, books, capital stock, stockholders and liabilities, is presented to circuit court which has discretionary power to grant dissolution and appoint receiver. §§ 378-381. If capital stock is not paid in within four years from date of incorporation, corporation may be dissolved. § 72.

6. Corporate Powers.

General. The usual powers are enumerated. §§ 58-63.

To Hold Property. Is permitted to the extent of corporate necessities. § 61. Mining companies may not hold more than 1,000 acres of land in Alleghany County, nor more than 500 in any other county. § 227.

Its Own Stock. No statutory provision.

Stock of Other Corporations. "One corporation may own stock of another without express authority to do so, unless such

dealing is expressly prohibited, or the nature of the business renders it improper." *Davis v. Co.*, 77 Md. 35 (1893). An officer voting stock held in another corporation may be required to make oath that he fairly represents the sentiments of a majority of the directors of the holding corporation. § 10.

To Borrow Money. Debts must not exceed capital stock. § 83; *Heironimus v. Sweeney*, 83 Md. 146 (1896).

To Do Business in Other States. The place of doing business of the enumerated classes of business is generally limited to the State of Maryland, but certain businesses may be carried into adjoining states. § 30. Unless expressly permitted, however, such power is not recognized by the Maryland courts. *Smith v. M'g. Co.*, 64 Md. 85.

Consolidation or Merger. Two corporations whose capital stock has been fully paid up, and formed in whole or in part for the same purpose, may by due procedure unite and form a new corporation. The assent of a majority of the stock of both corporations is required. §§ 45, 46.

Amendment of Charter. Except as otherwise expressly provided, amendments may be adopted by a majority vote of the stock and must be signed, sealed and acknowledged and recorded in the same manner as original certificate. § 55. (See under § 7, "Increase or Decrease.")

7. Capital Stock.

Amount. Unlimited except as to mining companies, which may not exceed \$3,000,000. § 227.

Initial Payment. One-fourth the capital stock must be paid in within one year from date of the incorporation. § 72.

Consideration for Issue. May be land or other property at a valuation agreed upon between the corporation and the subscriber, and on authority by the stockholders assembled in general meeting pursuant to call to consider the propriety of receiving such subscription and fixing the terms on which it is to be received. The property must be proper for the advancement of the corporate purposes (§ 69) and the corporate books must show all the facts. § 70. Assessments on subscriptions may be made at discretion of directors. § 78.

One-fourth the capital stock must be paid within one year of the date of incorporation, one-fourth in two years, one-fourth in three years, and the remainder in four years, or the corporation may be dissolved. § 72.

Within thirty days after payment of the last instalment on the capital stock the president and a majority of the directors must file a statement, sworn to by the president, showing amount of capital and amount paid in, all property received in payment of subscriptions and the extent to which payments have been made in property. This certificate must be filed with the clerk of the court where original articles were recorded. § 73.

Increase or Decrease. May be effected by a vote of two-thirds of the stock at a meeting called for that purpose, on notice pre-

scribed by the statutes. §§ 82-85. A certificate thereof in form prescribed by the statute is signed by the chairman of the meeting, sworn to by the president and recorded in the clerk's office where the principal office is located. § 86. Reduction of stock to true value after losses, is provided for. §§ 87, 88.

Classes of Stock. Any corporation empowered to issue bonds may instead issue preferred stock if authorized thereto at a general meeting of the stockholders. An agreement therefor must be executed and filed and recorded as were the original articles. Six per cent. must be guaranteed out of profits and such preferred stock has preference over any subsequent mortgage. § 409.

Par Value of Shares. No limitations. Is to be specified in certificate of incorporation. § 50. May be changed by amendment to conform to the actual value of the shares. § 87.

Stock Certificates. Not prescribed as to form.

Transfer of Stock. Is to be prescribed by the by-laws, but no stock is transferable until all previous calls on same have been paid, or it has been declared forfeited for non-payment of calls. § 71.

8. Stockholders.

Rights and Powers. A majority may call meetings (§ 6), remove directors (§ 7), make amendments to charter (§ 55), dissolve corporation (§ 378) and consolidate. § 45. Increase or decrease of capital stock, etc., is effected by a two-thirds vote. §§ 82, 86, 89.

Liability. Stockholders are liable to the amount of their unpaid subscriptions. § 72.

Meetings. Elections must be held annually within the State, time, place and notice to be prescribed by by-laws. § 65.

When notice is not prescribed by by-laws for annual meeting, it must be published at least ten days prior to the meeting in a newspaper nearest to the place of the principal office. §§ 6, 65. Meetings may be called by a majority of all the stock on similar notice, but published also in a newspaper in the City of Baltimore, and if that city is the domicile of the corporation, then in two newspapers in that city. § 6.

Quorum. Of mining companies is a majority in interest of all the stockholders. § 227. A quorum of business corporation may be less than majority (*Darrin v. Hoff*, 99 Md. 491 [1904]), but, if desired, should be so provided in the by-laws.

Voting. By ballot, each stockholder having as many votes as he has shares of stock, but the corporation may provide in its charter or by-laws for minority representation. § 66; *Webb v. Ridgely*, 38 Md. 364 (1873); *Baile v. Calvert College*, 47 Md. 117 (1877). No stock may be voted on which assessment is unpaid. § 66. Votes may be canvassed and oaths required to insure *bona fide* representation. §§ 8-11.

Proxies. Voting may be in person or by proxy. § 65.

9. Directors.

General. A director or officer may be removed by a majority vote of the whole number of stockholders, at any general meeting. § 7.

Number. Must be not less than four nor more than twelve. § 65.

Qualifications. The directors must all be citizens of the United States and a majority citizens of the State. Declarations of intention to become a citizen of the United States is sufficient to qualify a resident of the State. § 65.

Powers. Directors have the usual general powers over the corporate property and affairs. They also have power to amend by-laws but such amendments must be ratified by the stockholders at a regular or annual meeting and if not ratified at next annual meeting, cease to be of force. § 63.

Liability. For declaring or paying any dividend when the company is insolvent or which would render it insolvent, or would diminish its capital stock, the assenting directors are jointly and severally liable for all corporate debts then existing or incurred while they respectively continue in office. § 75. Objecting directors avoid liability by filing their objection in writing, before payment of the dividend, in the clerk's office in which the certificate of incorporation was filed. § 76.

Meetings. May be regulated by the by-laws. § 63. Quorum is a majority. § 3.

Executive Committee. No provisions.

10. Officers.

General. A president, who must be a director, is prescribed. § 62. Also a secretary or a treasurer. §§ 80, 81.

Liability. For making any loan to stockholders, the officers assenting are, in the event of insolvency of the corporation, jointly and severally liable for corporate debts contracted before such loan to the extent of double the amount of any loss resulting from the loan. § 77. For failure to submit statement of assets and liabilities to stockholders on demand as prescribed by law, the finance officer forfeits to the person making such demand, \$50 and \$25 for every twenty-four hours of continued refusal. § 79.

Refusal to allow inspection of stock book is a misdemeanor. § 80. For failure to file certified copy of certificate of incorporation in Tax Commissioner's office, president is fined \$50. Art. 81, § 154.

11. Principal Office.

Must always be maintained in the State. §§ 23-25, 27, 29-32, 80. If president and a majority of the directors do not reside in the State, attachment lies against the corporation as against a foreign corporation. Art. 9, § 2.

12. Corporate Books.

What Required. The president and directors of every corporation must keep full, fair and correct accounts of their transactions. § 5. A book containing alphabetical list of stockholders for three years back, with places of residence, number of shares and date they became owners, is prescribed. § 80.

Where Kept. Stock book is to be kept at principal office in the State. § 80.

Examination of. The corporate books shall be open during business hours to the inspection of stockholders. § 5. Stock book is to be open to inspection of stockholders and creditors during usual hours of every business day, on penalty of \$50 to the party injured and resulting damages. § 80; *Weihenmayer v. Bitner*, 88 Md. 325 (1898).

Any person owning 5 per cent. of the capital stock may obtain from the treasurer or chief finance officer on written request, a statement of the affairs of the corporation, under oath, embracing a particular account of all its assets and liabilities in minute detail; such statement to be furnished within twenty days from presentation of such written request and a copy to be kept on file for six months thereafter for exhibition during business hours to any stockholder on demand. § 79.

Whether requested or not such a statement must be made on the first week of January and July of each year, verified by the president and treasurer or chief finance officer and kept on record in the principal office in the State. § 81.

13. Reports.

Tax returns are required. These are varied* and specific for various purposes or classes of corporations. Art. 81, §§ 147-162.

The president and directors shall annually prepare a full and true statement of the affairs of the corporation, to be certified by the president and secretary and submitted at the annual meeting. § 5.

14. Foreign Corporations.

How Authorized to Do Business. Any foreign corporation desiring to transact business in the State, must file a certified copy of its charter, together with a statement sworn to by the president or chief executive officer under official seal, setting forth the authorized capital stock, amount actually issued, amount of assets and liabilities, and the character of business to be transacted in the State; and also designating the principal office or offices in the State, and the name and address of agent or agents to reside in the State on whom process may be served. A fee of \$25 must also be paid. The Secretary of State records the charter and statement and issues certificate of authority. §§ 137, 138.

Penalties for Non-Compliance. Any agent or officer attempting to carry on business without compliance, forfeits to the State \$100 for each day he so acts, and the corporation can maintain no action at law or in equity in the State courts. §§ 139, 140.

(Maryland)

Taxation. Constitution provides for taxation of revenues of foreign corporations. Art. III, § 58. Taxes on gross receipts with special returns, filing charters, etc., with State Tax Commissioners, are accordingly imposed. L. 1890, Ch. 608.

Books. No statutory requirements.

Reports. Tax returns of special corporations are required. Art. 81, §§ 147-162.

Attachments Against. Lie on the ground of being a foreign corporation. § 411; Art. 9, § 2.

15. Combinations and Monopolies.

Monopolies are odious, contrary to the spirit of free government and the principles of commerce, and ought not to be suffered. Declaration of Rights, § 41.

MASSACHUSETTS.

Enactments of 1906.

1. Corporation Laws.

Statutes. Section 7 of Ch. 437, Acts of 1903, has been amended by striking out "or to distil or manufacture intoxicating liquors" so that there is now no prohibition against the formation of corporations for such purposes under the general law. Acts 1906, Ch. 286, p. 249.

6. Corporate Powers.

General. The Supreme Judicial Court on information of the Attorney General at relation of the Commissioner of Corporations is given power to enjoin corporations from exercising any franchise, or privilege, or from transacting any kind of business not authorized by their charters and the laws of the State. Acts 1906, Ch. 372, p. 346.

13. Reports.

Section 49 of Ch. 437, Acts of 1903, has been amended as follows:

Upon failure to file annual report thirty days after annual meeting or final adjournment thereof, or to make tax return before May 10th of each year, the Commissioner of Corporations shall notify the delinquent corporation by mail. Upon any such failure continuing thirty days after notification, a forfeit penalty is imposed of not less than \$5 nor more than \$10 each day for the first fifteen days after expiration of the notification period, and thereafter of not less than \$10 nor more than \$200 for each day, or any other sum not greater than the maximum penalty that the court may deem just and equitable. Upon failure to file report for two years the Commissioner may apply to the Supreme Judicial Court which may decree dissolution. Acts 1906, Ch. 346, p. 317.

14. Foreign Corporations.

Penalties for Non-Compliance. Section 68, Ch. 437, Acts of 1903, is amended as follows:

If a foreign corporation (of the classes described in Sec. 58) fails to file the certificate required by Sec. 66, the Commissioner shall give notice by mail, as provided in Sec. 59, to its resident manager or other person designated to receive process. Failure for thirty days entails penalties as for domestic corporations, as set forth in amended Section 49. (See "Reports" above.) Acts 1906, Ch. 346, p. 318.

The Supreme Judicial Court on information of Attorney General at relation of Commissioner of Corporations may restrain any foreign corporation by injunction from exercising any corporate rights, privileges or franchises in the State until it has appointed an attorney on whom process may be served and filed certificate, etc., as pre-

scribed in Sections 58 and 60 of Ch. 437 of 1903. Acts 1906, Ch. 372, p. 346.

Trustee Process. In an action by trustee process in which a foreign corporation having a usual place of business in the State is designated as trustee, service on the treasurer or other officer of the corporation shall be of the same effect and validity as if made on the Commissioner of Corporations. Acts 1906, Ch. 269, p. 232.

15. Combinations and Monopolies.

Consolidation or Merger. Gas or electric light corporations shall not by any consolidation increase their aggregate stock or their aggregate debt. Acts 1906, Ch. 392, p. 371.

MASSACHUSETTS.

1. Corporation Laws.*

Constitution. (1780.) There are no Constitutional provisions concerning corporations. They may be formed by special act.

Statutes. The business corporation law of Massachusetts is found in Acts of 1903, Ch. 437. Amendments, L. 1904, Chs. 207, 261; L. 1905, Chs. 222, 233, 242. Under the general law corporations may be organized for any lawful purpose except to deal in real estate or distil or manufacture intoxicating liquors or to engage in business for which special law is provided. This latter prohibition does not apply if such business is to be carried on outside the State. §§ 1, 7. Railroads, banks, street railways, trust companies, loan and investment, insurance, gas and electric, telegraph and telephone, agricultural, and other corporations are provided for in Revised Laws, 1902, Chapters III-125.

2. Taxes and Fees.

Organization Expenses. Fees for filing and recording articles of organization, including issuance of certificate of incorporation, one-fortieth of one per cent. of total amount of authorized capital stock; minimum fee, \$10. § 88.

Franchise Tax. An annual franchise tax is imposed, the rate being adjusted annually to meet State needs. The tax is computed upon a "corrected" franchise value ascertained as follows: The Tax Commissioner from returns made by the corporation, or "in any other manner," determines the market value of the capital stock and from that estimates its fair cash value on May 1st preceding. This is the franchise value. From this is deducted the assessed value of real estate and machinery subject to local taxation and any securities which in the hands of an individual would be exempt from taxation. A further deduction is made of the value of any corporate property paying taxes outside the State. It is upon the "franchise value" as thus corrected that the tax is levied. In no case, however, is the corrected franchise value to exceed 20 per cent. of the entire corporate property nor shall the tax ever be less than one-tenth of one per cent. of the market value of the capital stock. §§ 72, 74. (For Annual Tax Returns, see § 13, "Reports.")

* References are to Acts of 1903, Chapter 437, except as otherwise noted.

Local Taxation. Corporate realty and machinery is subject to local taxation. Shares of stock are exempt from local taxation for any year in which the corporation has paid tax upon corporate franchise. § 86. Corporations may be compelled to submit their books to the Tax Commissioner and the treasurer may be examined under oath. § 81. Delinquent taxes, if paid without suit to recover, bear interest at the rate of 6 per cent. per annum, but 12 per cent. if proceedings have been begun. § 79.

General. On increase of capital stock, fees are one-fortieth of one per cent. on increase. § 89. For all certificates, statements, reports, etc., filed (except annual tax return for which no fee is charged), \$5. § 90. Copies, 20 cents a page and 25 cents for certificate.

3. Incorporation.

Incorporators. Must be three or more. § 7. No residential requirements. Husband and wife may not join in an agreement of association. 1 Op. Atty. Gen. 47.

Formation.

1. **Agreement of Association.** A written agreement of association must be entered into by the incorporators. The agreement must state (§ 8):

(1). That the subscribers thereto associate themselves with the intention of forming a corporation.

(2) Corporate name assumed. This must indicate that it is a corporation, and must not be the same as or similar to the name of any other corporation or partnership carrying on business in the Commonwealth at time of organization or within three years prior thereto unless the consent of the other party be filed with the articles. § 5.

(3) Location of the principal office in the Commonwealth, and elsewhere in case of corporations organized to do business wholly outside the Commonwealth.

(4) Purposes for which the corporation is formed, and nature of the business to be transacted.

(5) Total amount of authorized capital stock, not less than \$1,000; par value of shares, not less than \$5; the number of shares into which the capital stock is to be divided, and the restrictions, if any, imposed on their transfer; and if there are to be two or more classes of stock, a description of each and the terms on which they are to be created, and the method of voting thereon.

(6) Any other provisions not inconsistent with law for the conduct and regulation of the business of the corporation, for its voluntary dissolution, or for limiting, defining, or regulating the powers of the corporation, or of its directors or stockholders or any class of stockholders.

(7) The subscriber or subscribers by whom the first meetings of the incorporators shall be called.

(8) The names and residences of the incorporators and the amount of stock subscribed for by each.

2. **First Meeting of Incorporators.** Must be held within the State. 1 Op. Atty. Gen. 185. May be called on notice signed by the subscriber or subscribers designated thereto in the agreement of association, or if no provision is made in the agreement, by a majority of the subscribers, served at least seven days before the meeting personally or by mail. A copy of the notice must be entered on the records of the corporation with an affidavit of one of the signers that such notice has been duly served. Notice may be waived by unanimous written consent of all the incorporators endorsed on the agreement of association. § 9.

On meeting, the incorporators organize by the election by ballot of a temporary clerk, who must be sworn, followed by the adoption of by-laws (See "By-Laws," under § 4) and the election in the manner set forth in the by-laws of directors, a treasurer, a clerk and such other officers as the by-laws may prescribe. The temporary clerk makes and attests a record of the proceedings held prior to the election and qualifying of the regular clerk. § 10.

3. **Articles of Organization.** Are forthwith prepared, signed and sworn to by a majority of the directors elected at the first meeting, setting forth (§ 11):

(1) A true copy of the agreement of association, and the names of the subscribers thereto.

(2) The date of the first meeting and of any adjournments thereof.

(3) The amount of capital stock then to be issued, the amount to be paid for in cash, or by instalments, the instalment to be paid before the corporation commences business, and the amount to be paid for in property. If such property consists in any part of real estate, its location, area, and the amount of stock to be issued therefor must be stated; if any part personal property, it must be described in such detail as the Commissioner of Corporations may require, and the amount of stock to be issued therefor stated. If issued for services or expenses, the nature of such services or expenses and the amount of stock which is issued therefor must be clearly stated.

(4) The name, residence and post-office address of each of the officers of the corporation.

4. **Approval of Articles.** The articles of organization and the record of the first meeting of incorporators are submitted to the Commissioner of Corporations, who examines same and may require amendments or additional information. On finding that the articles conform to the requirements of law, he so certifies and endorses his approval thereon. § 12.

5. **Filing and Recording.** The articles of organization, with the approval of the Commissioner of Corporations endorsed thereon, are filed and recorded, on payment of fee, in the office of the Secretary of the Commonwealth, who thereupon issues a certificate of incorporation in prescribed form. He also records the certificate of incorporation and such record or certified copy thereof is conclusive evidence of corporate existence. § 12.

4. Organization.

First Meetings. First meeting of incorporators must be held within the State. 1 Op. Atty. Gen. 185. (See "Formation," subdiv. 2, under § 3.) Of directors may be held within or without the State (§ 25) as determined by the by-laws. § 13.

By-Laws. These may provide for the time and place of holding, and the manner of conducting meetings (also elections, subject to the provisions of the corporation law); the powers, duties and term of officers; the number of directors; quorum of stockholders and directors; the manner of calling regular and special meetings of directors; method of making assessments; the conditions under which new certificates of stock may be issued in place of those lost, and the method in general of transacting the corporate business, and the manner in which the by-laws may be amended or repealed. § 13.

Certificates. None required to show completed organization.

5. Corporate Existence.

When Commenced. On filing articles of organization in the office of the Secretary of the Commonwealth. § 12. May be perpetual. § 4. Is not required to be limited in incorporation papers. §§ 8, 11. Continues for three years after expiration of charter period or annulment or forfeiture of charter, for the purpose of closing up the corporate affairs. § 52.

Beginning Business. Articles of organization must be filed with Secretary of Commonwealth and the instalment of capital specified therein must be paid before business is begun. § 11.

Renewal. The statute contemplates perpetual existence for general corporations. § 4. No provision is made for renewal or extension.

Forfeiture of Charter. May be decreed by Supreme Judicial Court on failure for two years to file annual report. § 49. Injunction may issue on non-payment of tax, restraining the corporation from continuing business. § 78.

Dissolution. May be accomplished voluntarily by a majority vote of each class of stock, authorizing a petition for dissolution to be filed in the Supreme Judicial or Superior Court, setting forth in substance the grounds for such application; and after a hearing, on notice to parties interested, if there is no legal objection thereto, the court decrees dissolution. §§ 40, 51. Receivers and distribution of assets, etc., are provided for. §§ 52-55.

6. Corporate Powers.

General. The usual corporate powers are enumerated. § 4.

To Hold Property. This power is limited to such property as is required by the purposes of the corporation. § 4, subdiv. f. Dealing in real estate is expressly excluded from the purposes for which corporations may be formed under this law. § 7.

Its Own Stock. Corporations may take their own stock by forfeiture on non-payment of assessments. § 16; *Dupee v. Co.*, 114 Mass. 37, 43. Shares are not necessarily extinguished by being transferred to corporation, so that they cannot be re-issued, or so that the capital stock is thereby reduced. *Leonard v. Draper*, 187 Mass. 536. It cannot vote such stock (§ 23; *Co. v. Haven*, 101 Mass. 398, 402), and the shares so held are not taxable. *Worcester v. Board of Appeals*, 184 Mass. 460.

Stock of Other Corporations. Dealing in stocks and bonds is not a bar to incorporation under general law. 1 Op. Atty. Gen. 275. Stocks of other corporations may be taken in payment of debts. *Treadwell v. Co.*, 73 Mass. 393; *Howe v. Co.*, 82 Mass. 493.

To Borrow Money. No restrictions. § 4, subdiv. g.

To Do Business in Other States. This power is given. § 1. If a corporation is organized in Massachusetts to do business wholly outside the Commonwealth, the location of its principal office outside of the Commonwealth must be stated in the agreement of association. § 7, subdiv. c.

Consolidation or Merger. No provisions.

Amendment of Charter. "Every corporation may, at a meeting duly called for the purpose, by a vote of a majority of all the stock, or if two or more classes of stock have been named, of a majority of each class outstanding and entitled to vote, authorize an increase or reduction of its capital stock and determine the terms and manner of the disposition of such increased stock, may authorize a change of location of its principal office or place of business in this Commonwealth or a change in the par value of the shares of its capital stock or may authorize proceedings for its dissolution.

It may, by a vote of two-thirds or by a larger vote (if the agreement of association so requires), change its corporate name, the nature of its business, the classes of its capital stock, subsequently to be issued and their voting power, or make any other lawful amendment." § 40.

Articles of amendment must be signed and sworn to by the president, treasurer and a majority of the directors, setting forth the amendment and its due adoption; these are submitted to the Commissioner of Corporations, and approved and filed as original articles. § 41. (Fee, \$5 except on increase of capital stock; when one-fortieth of one per cent. of the increase must be paid. §§ 89, 90.)

7. Capital Stock.

Amount. Must not be less than \$1,000. § 8.

Initial Payment. Must be specified in articles of organization. No requirements as to amount. § 11.

Consideration for Issue. May be cash, property—tangible or intangible—services or expenses. § 14. But the particulars of such payment must be fully stated in the articles of organization (§ 11), or thereafter in certificates of additional issues of stock. § 14. (See § 13, "Reports.")

Calls for unpaid subscriptions are made by the directors according to the by-laws (§ 13), or if they are silent, on seven days' notice by mail. Thirty days' default forfeits the subscriptions, which may be sold at public auction on ten days' notice to the subscriber; or the directors may sue for balance. § 15.

Increase or Decrease. May be authorized by a majority vote of all the stock, or of each class of stock, outstanding, at a meeting duly called for that purpose. § 40.

In case stock is increased, articles of amendment are thereupon signed and sworn to by the president, treasurer and a majority of the directors and approved and filed as were the articles of organization. They must contain: (1) Total amount of capital stock already authorized; (2) amount of stock already issued for cash payable by instalments and the amount paid thereon, and amount of full paid stock already issued for cash, property, services or expenses; (3) amount of additional stock authorized; (4) amount of such stock to be issued for cash, property, services or expenses respectively; (5) a description of the property, services or expenses as required in original articles. § 42. In case of reduction, the articles of amendment are executed, approved and filed as above, and in addition to the ordinary statements of amendments must include: (1) Total amount of stock authorized and issued; (2) amount of the reduction and manner in which it is to be effected; (3) copy of the vote authorizing the reduction. No reduction is allowed which renders the corporation insolvent. § 43.

Classes of Stock. May be provided for in the original agreement of association, which must state the terms on which they are created, and the manner of voting them. § 8. They may be changed by regular amendment. §§ 27, 40.

Par Value of Shares. Must not be less than \$5, and must be stated in agreement of association. § 8. May be changed by amendment on a majority vote of all the stock or of each class of stock outstanding. § 40.

Stock Certificates. If issued to be paid for in instalments must be legibly stamped with the words "..... per cent. paid up—balance payable, and shares subject to forfeiture if unpaid." § 14. They are to be signed by the president and treasurer, under the corporate seal. § 26. "Each certificate of stock which by the agreement of association or amended agreement is limited as to its voting rights, or which is preferred as to its dividend or as to its share of the principal upon dissolution, shall have a sufficient statement of such limitation or preference plainly written or stamped upon it, and each certificate subsequently issued of any class of stock in the corporation shall have printed or stamped thereon the

clause of such agreement of association or amended agreement authorizing the issue of stock in any respect preferred or limited." *Id.*

Transfer of Stock. May be made by endorsement and delivery of certificates, but is of no effect as against the corporation until transfer is shown on the corporate books or until a new certificate is issued by it to the transferee. No stock shall be so transferred if any instalments remain unpaid thereon. A pledgee of stock may procure transfer and a new certificate expressing on its face that it is held as collateral security, and showing the pledgor's name, but the latter remains the voting stockholder. § 28.

8. Stockholders.

Rights and Powers. The stockholders control all amendments of agreement of association and articles of organization. § 40. (See "Amendment of Charter," under § 6.) To dispose of property and franchises, two-thirds vote is required. § 40.

Liability. Stockholders are liable for unpaid subscriptions. §§ 15, 16. On illegal reduction of capital, the stockholders become liable for the corporate debts existing at the time of the reduction, to the amounts paid to them respectively. They are also liable for money due operatives for services rendered within six months before demand made on corporation and its refusal to pay. Any such liability is in proportion to the amounts of stock held respectively and any stockholder paying more than his proportion, has claim for contribution against the other stockholders. §§ 33, 38.

A stockholder's liability is enforceable in an equitable action brought against all persons liable, but only after insolvency of the corporation, or after a judgment against it has been returned unsatisfied. §§ 36-39; *Barre Bk. v. Mfg. Co.*, 127 Mass. 563.

Meetings. Must be held in the Commonwealth. Annual meetings provided for (§ 20), manner, time and place to be fixed by by-laws, but to be held within ninety days after the end of its fiscal year. § 20, amended L. 1904, Ch. 207. If time for holding annual meeting is changed by amendment to the by-laws, a certificate of the fact must be filed with the Commissioner of Corporations. L. 1905, Ch. 222.

Notice. A written or printed notice of any meeting stating its time, place and purposes, must be given by the clerk at least seven days before each meeting, personally or by mail. Written waiver of notice signed by every stockholder, personally or by duly authorized attorney is effectual. § 20. On application of three or more stockholders, a justice of the peace may issue a warrant authorizing one of them to call a corporate meeting. § 21. Special meetings may be called by the president, or a majority of the directors, and must be called by the clerk on written request of three or more stockholders holding at least one-tenth in interest of the stock. § 22.

Quorum. Is a majority in interest of all stock issued and outstanding, unless by-laws otherwise direct. § 20.

Voting. Is to be by ballot (§ 18), and all votes must be recorded by the clerk in a book kept for that purpose. § 18. Each share of stock has one vote. No share may be voted on which instalments have been demanded and are overdue. § 24. If more than one class

of stock is created, the method of voting thereon must be prescribed in the agreement of association. § 8.

Proxies. Voting by proxy is permitted, but proxies are in force only six months after date, and are invalid after final adjournment of the meeting for which they were given. § 24.

Voting Trusts. Are held valid. *Almy v. Orne*, 165 Mass. 126; *Brightman v. Bates*, 175 Mass. 105.

9. Directors.

Number. The board must consist of not less than three members (§ 17), to be elected annually. § 18. They may be divided into not more than five classes, one class to be elected each year. § 18.

Qualifications. Directors must be stockholders unless the by-laws otherwise provide. § 18. No residential requirements.

Powers. Are to be defined by the by-laws. § 19.

Liability. The directors are jointly and severally liable for the corporate debts, to the extent of any illegal dividends or improper loans made to stockholders or directors. Those voting against such acts are not liable. § 35. For illegal issue of stock the president, treasurer and directors are jointly and severally liable for corporate debts contracted during their tenure of office; and for any false statements in reports, etc., the officers signing the same are so liable. § 34.

Meetings. May be held within or without the Commonwealth as determined by by-laws. May be held on waiver without notice. § 25. The number necessary to a quorum may be provided by the by-laws (§ 13), but a majority is required unless the by-laws otherwise specify. A majority of the quorum may act. *Sargent v. Webster*, 13 Met. 497. Voting by proxy by directors is unlawful. *Op. Atty. Gen.* May 27, 1901.

Executive Committee. An executive committee may be provided for by the by-laws, to be elected from and by the board of directors and to manage current and ordinary business. §§ 13, 19.

10. Officers.

A president, who must be a director, a clerk, a treasurer and such other officers and agents as the by-laws may authorize, are prescribed by the statutes. § 17. They are to hold office for one year and until their successors have been elected and qualified. § 18. The treasurer may be required to give a bond, and the clerk, who must be a resident, must be sworn. *Id.* The officers are liable for any illegal issue of stock and for any false statements they may make in reports. § 34. For refusal to exhibit books, records and papers to stockholders, officers are liable for all actual damages resulting. § 30.

11. Principal Office.

Must be named in the agreement of association, and if business is to be conducted wholly outside of the Commonwealth, the principal office out of the Commonwealth must also be named. § 8. It must also be stated in annual report, or certificate of condition. § 45. It may be changed by regular amendment. § 40.

12. Corporate Books.

What Required. A stock and transfer book is prescribed to contain a complete list of all stockholders, their residences and holdings. A record of all meetings of stockholders is also required. § 30. A record of all votes of the corporation is to be kept by the clerk. § 18.

Where Kept. All these books, and the agreement of association and attested copies of the articles of organization, and of amendments, and the by-laws showing amendments, must be kept at the principal office in the Commonwealth, and are all open to the inspection of stockholders. § 30. Creditors may compel issuance of list of stockholders and officers. § 36.

13. Reports.

Every corporation must within thirty days after its annual meeting file a report of condition, signed and sworn to by its president, treasurer and at least a majority of its directors, stating: (1) The corporate name; (2) location, with street address, of its principal office in the Commonwealth, and elsewhere if organized to do business wholly outside the Commonwealth; (3) date of the last preceding annual meeting; (4) total amount of its authorized capital stock; amount issued and outstanding; amount paid thereon; class or classes, if any, into which it is divided; par value and number of shares; (5) names and addresses of all directors and officers, with date of expiration of each term; (6) statement of assets and liabilities. (Form given.) § 45. Corporations with capital of \$100,000 or over must accompany report with a sworn statement of an auditor appointed by a committee of three stockholders who are not directors, or if no such committee can be had, by the directors; the appointment and qualification of auditor must be filed with the Commissioner of Corporations. § 47. Report is to be approved and filed as were original articles. § 46.

An annual tax return is required to be filed by the treasurer with the Tax Commissioner, between May 1st and May 10th, as of May 1st, showing: (1) Total authorized capital stock; amount issued and outstanding and amount paid thereon; classes, if any, into which it is divided; par value and number of shares; market value of shares, or of each class of shares; (2) a statement in such detail as the Tax Commissioner may require, of the real estate, machinery, merchandise and other assets belonging to the corporation within and without the Commonwealth; (3) a complete list of the stockholders of the corporation, their residences and the amount and class of stock of each. If any stock is held as collateral security, the name and residence of pledgor and pledgee. § 48.

When stock is issued subsequent to the issue stated in articles of organization, a certificate must be signed and sworn to by the president, treasurer and a majority of the directors, stating: (1) Total amount of capital stock authorized; (2) amount already issued for cash, payable in instalments and amounts paid thereon; (3) amount of additional stock to be issued for cash, property, services or expenses respectively; (4) a description of the property, services or expenses as required for original articles of organization. (See "Articles of Organization," under § 3.) This certificate is approved and filed as were the original articles. § 14.

14. Foreign Corporations.

Foreign corporations shall not engage in the Commonwealth in any business not permitted to domestic corporations. §§ 56, 57. Foreign corporations having a usual place of business in the Commonwealth or which are engaged therein, permanently or temporarily, and with or without a usual place of business, in the construction, creation, alteration or repair of a building, bridge, railroad, railway, or structure of any kind, shall before doing business in the Commonwealth, in writing appoint the Commissioner of Corporations their attorney on whom process may be served, which power of attorney, with a copy of the vote authorizing its execution, is filed in the office of the Commissioner. § 58; L. 1905, Ch. 242.

Such corporations must also file with Commissioner of Corporations a copy of their charter, articles or certificates of incorporation, certified by the Secretary of State of the home state, or any officer having custody of its original record; also a true copy of by-laws, and a certificate setting forth: (1) The name of the corporation; (2) location of its principal office; (3) names and addresses of its president, treasurer, clerk or secretary and directors; (4) date of annual meeting for elections; (5) amount of capital stock, authorized and issued; number and par value of shares; amount paid in, and if any paid otherwise than in money, the details of such payments (as required of domestic corporations). This certificate is signed and sworn to by president, treasurer and directors. § 60.

Fees for filing above papers are \$25 to the treasurer and receiver general; for every other certificate, including annual report to the Secretary of Commonwealth, \$5. § 91.

Penalties for Non-Compliance. Inability to sue, and fines against officers and agents, not exceeding \$500. § 60. Liabilities of officers, directors and stockholders are the same as of domestic corporations. § 60; *Clark v. Knowles*, 187 Mass. 35.

Taxation. An excise tax is imposed on foreign corporations of one-hundredth of one per cent. of the par value of its authorized capital stock as shown by its annual certificate of condition; but local taxes paid on property in the State (§ 72) may be deducted, and such excise tax is never to exceed \$2,000. § 75.

The assessors make annual return to Tax Commissioner before the first Monday of August, of the names of all foreign corporations having a usual place of business within his city or town. L. 1904, Ch. 181.

Books. No specific requirements. *Post Co. v. R. R. Co.*, 144 Mass. 341.

Reports. Foreign corporations engaged in business in the Commonwealth shall annually within thirty days after the annual meeting or the final adjournment thereof, but not later than ninety days from the fixed date for such meeting, file a certificate of condition with the Secretary of the Commonwealth. Such certificate is to be signed and acknowledged by the president, treasurer and a majority of the board of directors and must show the amount of authorized capital stock, the amount paid thereon, and the corporate assets and liabilities as of date not more than ninety days prior to such annual meeting (§§ 66, 67) in same form as provided for domestic corporations. § 60; also L. 1905, Ch. 233. The certificate of any increase or decrease of capital stock must also be filed. § 65. Penalty for failure to file certificate is fine from \$5 to \$10 per day for first fifteen days of default, and \$200 for each day thereafter. § 68. Accompanying statement is made as prescribed by domestic corporations in § 47, the auditor, however, to be chosen by the directors. § 67.

Attachments Against. Lie against foreign corporations as non-residents. § 62.

MICHIGAN.

1. Corporation Laws.*

Constitution. (1850.) Corporations not to be created by special act. Art. XV, § 1. Stockholders liable for wages of employees. Id., § 7. Term of existence limited to thirty years, subject to extension for further terms of the same length on two-third vote of stock; reorganization at end of term to require four-fifth vote. Id., § 10. Real estate not to be held longer than ten years if not necessary for corporate purposes. Id., § 12. The credit of the State not to be granted to aid corporation. Art. XIV, § 6. State not to become a stockholder. Id., § 8.

Statutes. The general corporation law is contained in Act 232 of the Public Acts of 1903. Mining and manufacturing companies are provided for in Chapters 186, 187 and 189 of the Compiled Laws of Michigan (1897), and in Act 233 of the Laws of 1903. By § 34 of Act 232 (L. 1903), Chapter 230 of the Compiled Laws of 1897 applies where the Act of 1903 is silent. In Title IX of the Compiled Laws are special provisions relating to banks, railroads, plank roads and bridges, etc., telegraph and telephone companies, building and loan and other classes of corporations. Foreign corporations are provided for in L. 1901, Act 206, am'd L. 1903, Act 34. Amendments and supplements to the general corporation law are contained in L. 1905, Acts 10, 28, 96, 105, 112, 194, 328, 329.

Under the general law corporations may be formed for any lawful business unless provided for by special law as above. §§ 1, 36.

2. Taxes and Fees.

Organization Expenses. Franchise fee to be paid to Secretary of State on filing of articles of association, one-half mill on each dollar (50 cents on each \$1,000) of authorized capital stock; minimum fee, \$5. C. L., § 8574.

Fees to Secretary of State: Recording, 20 cents per folio (§ 19); certifying copies, 20 cents per folio, with minimum fee of 50 cents; for certificate attached, 25 cents; for filing articles, etc., 50 cents each. C. L., § 71. Recording fee to County Clerk, 20 cents per folio. § 19.

Franchise Tax. None imposed.

* References, unless otherwise noted, are to Act 232 of the Public Acts of 1903. "C. L." refers to Compiled Laws of 1897.

Local Taxation. Corporate property is taxed the same as that of individuals, but it is expressly provided that the capital stock shall not be taxed as such. § 31. Mining companies are taxed on output of mines. C. L., §§ 6985, 7022.

General. Amendments, etc., are recorded with Secretary of State and County Clerk; fees in either office, 20 cents per folio. § 19. To Secretary of State for filing same, 50 cents; on increase of capital stock or renewal, same fees as on original incorporation. C. L., § 8574. For filing annual reports, 50 cents each. Id., § 73.

3. Incorporation.

Incorporators. Must be three or more. § 1. No residential requirements. Incorporators are held liable for false statements as to amount of capital stock paid in. *McBryan v. Co.*, 130 Mich. 111 (1902).

Articles of Association. Are signed and acknowledged by each of the incorporators. Blanks for same are furnished or approved by the Secretary of State. The articles must set forth (§ 2):

(1) Name, which must not so nearly resemble that of any corporation lawfully existing or doing business in the State as to lead to confusion or uncertainty.

(2) Purposes of the incorporation. Must be stated distinctly and definitely. Operations under charter limited as defined in this statement. The statutes are silent as to plurality of purposes except that manufacturing and mercantile businesses may be united.

(3) Principal place or places where the corporate operations are to be conducted.

(4) Amount of authorized capital stock, not less than \$1,000 and not more than \$25,000,000. Amount subscribed, which must not be less than 50 per cent. of the authorized capital stock. Common and preferred stock may be provided for, in which case an exact statement of the terms of issue and the amount of each subscribed and paid in must be included.

(5) Number of shares into which the capital stock is divided, par value to be either \$10 or \$100, or for mining companies, \$25. L. 1903, Act 233.

(6) Amount of capital stock paid in at the time of executing the articles, which must be not less than 10 per cent. of the authorized capital and in no case less than \$1,000, unless capitalization be \$2,000 or less, in which case 25 per cent. must be paid in. If stock is paid for in property, the articles must contain an itemized description thereof, with the valuation at which each item is taken. Valuation stated is conclusive in the absence of actual fraud.

(7) Place in the State where office of the company is located.

(8) Term of existence, not exceeding thirty years. Const., Art. XV, § 10.

(9) Names and residences of stockholders and the number of shares subscribed by each. § 2.

The articles may also contain any provision which the incorporators deem advantageous for the regulation of the business and for the conduct of the affairs of the corporation, and any provision, creating, defining, limiting and regulating the powers of the corporation, its directors and any classes of stockholders. § 2.

Filing and Recording. The articles of association are recorded with the Secretary of State and in the office of the clerk of the county in which the corporate operations are to be carried on, or if the corporation is formed to carry on business outside of the State, in the county in this State in which the office of the corporation is located. § 9. After recording, the articles are returned with endorsement of record. § 19.

4. Organization.

First Meetings. In practice is usually held within the State, as a first meeting outside is of doubtful legality. May be called by any two of the incorporators, by notice for two weeks in newspaper published in county where office is located. May be waived in writing by all the subscribers to the capital stock. § 3. As directors are not named in the articles, they should be elected at first meeting. Election of officers and final organization is governed as to time and place by the by-laws. C. L., § 8528.

By-Laws. Are to be adopted by the stockholders. § 13. They may determine the manner of calling and conducting meetings, the number of members necessary to constitute a quorum, the number of shares to entitle members to one or more votes, the mode of voting by proxy, the mode of selling shares for non-payment of assessments, the tenure of officers, and may prescribe penalties for violation, not to exceed \$20 for each offence. C. L., § 8528.

Certificates. None required to show completed organization.

5. Corporate Existence.

When Commenced. On recording articles of association (§ 9), and unless limited, continues thirty years. § 2; Const., Art. XV, § 10. After expiration by limitation or annulment of franchise, or otherwise, it continues three years for the purpose of closing affairs. C. L., § 8534. On voluntary dissolution receivers may continue business for sixteen months. L. 1905, Act 96.

Beginning Business. May not be commenced until 50 per cent. of the capital stock has been subscribed and not less than 10 per cent. has been paid in, the amount paid in to be at least \$1,000, except where total capital is \$2,000 or less, when 25 per cent. must be paid in. § 2.

Renewal. May be had for successive terms not exceeding thirty years, by a vote of two-thirds of the stock (Const., Art. XV, § 107) at annual meeting next preceding expiration, or at special meeting called for that purpose held within two years before expiration of original period. Procedure prescribed. § 33; L. 1905, Act 328. If reorganization is desired, four-fifths vote of stock is necessary. L. 1899, Act 60.

Forfeiture of Charter. On failure to file annual report for ten days after February 1st, corporate powers are suspended. § 12; L. 1905, Act 194. Information in the nature of quo warranto may be filed by Attorney General for misuser or non-user of franchise. C. L., § 9950. Failure to keep stock and transfer books at principal office in the State (C. L., § 8567), and violation of the law against monopolies are grounds for forfeiture. L. 1899, Act 255; L. 1905, Acts 229, 329.

Dissolution. May be effected by application to the courts. L. 1905, Act 10.

6. Corporate Powers.

General. The usual common law powers and such others as are incidental to these are expressly granted. §§ 13, 14.

To Hold Property. Corporation may not hold real estate longer than ten years unless it is actually occupied by the corporation in the exercise of the corporate franchises (Const., Art. XV, § 12), and the facts regarding same are required to be specified in annual report. L. 1905, Act 194. The power is given to hold and convey real or personal property required for corporate purposes and such as may be conveyed or mortgaged in good faith to the company as security for or in satisfaction of debts. § 14. Mining companies are limited to 50,000 acres. C. L., § 7021.

Its Own Stock. May be purchased on sale for non-payment of assessments. L. 1903, Act 233; C. L., § 7008.

Stock of Other Corporations. Mining companies are expressly given power to hold stock in canal, harbor, plank road or railroad companies offering facilities for their mines, and in light and power companies for purposes of their business. They may also engage in navigation to the same extent, and companies engaged wholly in mining may own stock in smelting and refining companies, domestic and foreign. L. 1903, Act 233; L. 1905, Act 105; C. L., §§ 7011, 7012.

To Borrow Money. No restrictions.

To Do Business in Other States. Business may be conducted in whole or in part anywhere within the United States. § 8.

Consolidation or Merger. Mining companies may consolidate on three-fifths vote of stock of each company, terms to be agreed on at meeting of the stockholders. C. L., §§ 7015-7018; *Anderson Co. v. Pungs*, 134 Mich. 474 (1903).

Amendment of Charter. May be made by a vote of two-thirds of the stock at any regular or special meeting duly called for that purpose. A copy of the resolution authorizing the amendment is signed and acknowledged by the president and secretary of the corporation and recorded as were the original articles. § 17; C. L., § 7019.

7. Capital Stock.

Amount. Must not be less than \$1,000 nor more than \$25,000,000. § 2. Of mining companies, not less than \$10,000 nor more than \$10,000,000. L. 1903, Act 233.

Initial Payment. Must be at least 10 per cent. of authorized capital and in no case less than \$1,000 (unless capital is \$2,000 or less, in which case it is to be 25 per cent. of same). At least 50 per cent. of total capital must be subscribed before certificate is filed. § 2.

Consideration for Issue. May be cash or property, but where payment is otherwise than in cash, the articles must contain itemized description of the property taken, with the valuation of each item. All property is required to be detailed in annual report. L. 1905, Act 194. Valuation is conclusive in the absence of actual fraud. §§ 2, 14; *Graves v. Brooks*, 117 Mich. 424 (1898). The directors may call in subscriptions in such instalments and at such times and places as they think proper, by giving notice prescribed by the by-laws.

Increase or Decrease. Of stock and number of shares may be effected at the annual meeting of the stockholders or at special meeting, by vote of two-thirds of the stock, which vote may also fix the value of and the price at which any increase so voted shall be subscribed and paid for, and all terms thereof. The president and a majority of the directors make a certificate of the facts, which is executed and recorded as were the original articles of association. In order to entitle it to be recorded, it must show that at least 50 per cent. of the capital stock so increased has been subscribed for and 10 per cent. paid in. Capital stock must not be reduced to prejudice of creditors. § 2.

Classes of Stock. May be provided for in articles of association (§ 2), or may be subsequently created by a three-fourths vote of the stock (§ 35), but preferred stock must not exceed two-thirds of the actual paid up capital, and shall be subject to redemption at par at a certain time to be fixed by the by-laws, and to be expressed on the preferred stock certificates. Cumulative dividends, not exceeding 8 per cent. per annum, are permitted, and preferred stockholders are exempt from personal liability for corporate debts, except debts for labor performed. The preferred stock votes as does the common stock in elections of directors, unless otherwise provided in the articles of association or in the amendments thereof, and if in any case the value of the common stock has been impaired to the extent of 10 per cent., or if dividends due on the preferred stock remain unpaid for sixty days, the preferred stock shall have equal rights with the common in the control of the company. § 35.

Par Value of Shares. Must be either \$10 or \$100 (§ 2), except of mining companies which must be \$ 25. L. 1903, Act 233.

Stock Certificates. Certificates of preferred stock must show time of redemption and time of payment of dividends. § 35.

Transfer of Stock. Must be made on the books of the company in such manner as the by-laws may prescribe and the corporation has a lien on stock and on the property of its members invested therein, for all debts due from them to such corporation. § 16.

8. Stockholders.

Rights and Powers. Their liability is limited and their powers extensive, the directors being narrowed in their authority. Any three stockholders may call elections on refusal of directors. § 5; *Star Line v. Van Vliet*, 43 Mich. 364 (1880).

Liability. Stockholders are liable for any amounts unpaid on subscriptions. §§ 24, 28. They are also liable beyond this for debts due for labor performed. Const., Art. XV, § 7. In case of withdrawal or refunding of stock while there are corporate debts, the stockholders are severally liable to the extent of the amount received by them. § 21. Preferred stock is exempt from liability except for debts for labor. § 35. Liability for labor claims may be enforced against any stockholder any time after execution against corporation is returned unsatisfied or if the corporation has been adjudged a bankrupt. A stockholder compelled to pay has right of contribution against the other stockholders. § 29.

Meetings. Offices of the corporation may be established and meetings of the stockholders and directors held therein, in any part of the United States. § 20.

Time, place, notice and manner of conducting meetings are to be regulated by articles of association and by-laws. C. L., § 8528. If the directors refuse or neglect to call annual meeting, stockholders may do so on notice as prescribed for first meeting. § 5.

Quorum. A majority of the stock constitutes a quorum. § 10.

Voting. At all meetings each share shall be entitled to one vote. *Id.* Voting at elections must be by ballot. C. L., § 8553. Preferred stock votes at election of directors unless otherwise prescribed in articles of association or amendments thereto, and in case of mismanagement of the company impairing the value of the common stock to 10 per cent. of its value, votes on all matters. § 35.

Proxies. Stockholders may vote by proxy duly filed. § 10. Mode thereof to be prescribed by by-laws. C. L., § 8528.

Cumulative voting is prescribed. C. L., § 8553; L. 1903, Act 223.

9. Directors.

Number. Must be not less than three. § 4. Of mining companies, not less than three nor more than nine. L. 1903, Act 233.

Qualifications. They must be stockholders. § 4.

Powers. They have general supervision of the affairs of the company. They fill vacancies in the board for the current year. § 7.

Liability. For illegal dividends assenting directors are jointly and severally liable for existing debts. § 22. For wilful neglect or refusal to file annual report, each is liable for corporate debts contracted since the last report and for all damages resulting. A fine of \$25 and \$5 additional for every day's default in filing notice of dissolution is imposed. § 12; L. 1905, Act 194. For violations of the provisions of the corporation law, assenting directors are liable for the debts contracted after violation to three times the amount paid in on the stock standing in their names. § 23. For violations of statute against unlawful monopolies and combinations, individuals of the corporation are liable to fines from \$50 to \$5,000 and imprisonment from six months to a year. L. 1899, Act 255, § 4.

Meetings. Time, place and manner of conducting meetings are governed by by-laws. C. L., § 8528. May be held without the State. § 20; C. L., § 7033. Notice of directors' meeting sent by mail must give person notified reasonable time to reach place of meeting. *Doyle v. Mizner*, 42 Mich. 332. Quorum is a majority. § 10.

Executive Committee. May be provided for in articles of association or in by-laws.

10. Officers.

General. The directors elect a president of the corporation and board, and one or more vice-presidents from their number and also elect a secretary and treasurer and assistants if necessary, and such other officers and agents as the by-laws may prescribe. If the stockholders so direct, the same person may hold the office of secretary and treasurer. § 6. (For liabilities, see under § 9, "Directors.")

11 Principal Office.

An office in charge of an agent on whom process may be served must be maintained within the State. §§ 2, 20. Unless the articles or amendment thereof specifically provide for the location of the principal office without the State, the secretary and treasurer must reside and transact the corporation's business at its office within the State. § 6. The place of business within the State may be changed by a two-thirds vote of the stock, but in case of removal from one county to another a certificate of the removal, executed by the president and secretary, is attached to the articles of association, and both are to be immediately recorded in the office of the clerk of the county from which removal is made. § 18.

Offices may be established anywhere within the United States by a vote of the majority of the stock at a meeting called for that purpose. Any such office must be certified by the directors to the Secretary of State of Michigan within two months from its establishment. Must not be changed within one year. § 20.

12. Corporate Books.

What Required. Stock books (§ 16) and account books (§ 15)

are mentioned. A list of stockholders, with number of shares held by each, and a transfer book must be kept. C. L., § 8567.

Where Kept. At place where the corporation is located, or at the office of the treasurer of the company, within the State. § 15. The list of stockholders with number of shares held by each and transfer book must be kept at the agency or office in the State, if the principal place of business is located without the State. C. L., § 8567.

Examination of. Account books and statement are to be open to the inspection of stockholders at all reasonable times; and as often as once in each year a true statement of the accounts of the corporation must be made and exhibited to the stockholders. § 15.

13. Reports.

Annually, in January or February, corporations must make duplicate reports for the fiscal year ending December 31st, on blanks furnished by the Secretary of State. They must be signed by a majority of the directors, verified by the secretary and deposited with the Secretary of State. They must set forth the amount of authorized stock, common and preferred; amount subscribed and amount paid in, in cash, and in property; the capital invested in real and personal estate, and the present value as near as it may be estimated; value of real estate used in business; real estate not so used; and of goods, chattels, merchandise and all other tangible and intangible property, specifying the kind; value of corporate credits and amount of debts (L. 1905, Act 194); names and post-office addresses of the stockholders and number of shares of common and preferred stock held by each at the date of the report; name and post-office address of each officer and director; and such other information as the Secretary of State may require. One copy of report is retained by Secretary of State, who sends the other to the clerk of the county in which the domestic office of the corporation is located. § 12; L. 1905, Act 194. Failure to file reports is deemed to be wilful. § 12. Mining companies have special reports. C. L., § 7022.

Publication is required only of notices and may be avoided by waiver, except notices of sale of stock for assessment or to enforce corporation's lien.

14. Foreign Corporations.

How Authorized to Do Business. It is unlawful for a foreign corporation to do business in this State until it has filed and recorded a certified copy of its charter or articles of incorporation and evidence of appointment of an agent in the State to accept service of process, with the Secretary of State, and paid the filing, recording and franchise fees to be determined according to a statement verified by its president, secretary, treasurer and superintendent, or any two of them, in such form as the Secretary of State may require. Such statement must contain: (1) Location of the office or offices of the company in Michigan, and names and addresses of the officers and agents in charge of its business in the State. (2) Value of property owned and used by the company in Michigan, where situated, and value of property owned and used without the State. (3) Aggregate amount

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of business transacted by the company during the preceding year, and the proportion transacted in the State. (4) The proportion of the capital stock represented by property owned and used and business transacted within the State, and such other facts as the Secretary of State may require. Fee to be one-half mill on each dollar of capital stock represented in Michigan; minimum fee, \$25. Same fee on increase of such proportion of capital. L. 1903, Act 34.

Penalties for Non-Compliance. Fine of \$1,000 for every month of default and inability to sue on contracts made in the State in the courts of the State. L. 1903, Act 34. As to objects and period of existence, foreign corporations are limited by the laws governing domestic corporations. L. 1901, Act 206, §§ 1, 4.

For violations of statute against unlawful monopolies and combinations, they are proceeded against by quo warranto or injunction, and Secretary of State is authorized to revoke the certificate of authority to do business in the State. L. 1899, Act 255.

Taxation. No special provisions.

Books. Foreign corporations admitted to do business in the State are subject to all the regulations governing domestic corporations. C. L., § 7013; L. 1901, Act 206.

Reports. Same as of domestic corporations. L. 1901, Act 206, § 5; L. 1905, Act 194. The Secretary of State may also at any time require additional statements as to property used and business transacted in Michigan. L. 1903, Act 34.

Attachments Against. Lie against on the ground of being a foreign corporation. C. L., § 721.

15. Combinations and Monopolies.

Are provided against by C. L., §§ 11327-11383; L. 1899, Act 255 and L. 1905, Acts 229, 329, under penalty of forfeiture of charter, and fine against individuals of from \$50 to \$5,000 or imprisonment from six months to one year, or both, each day's violation to constitute a separate offense. L. 1899, Act 255, § 4; *Detroit Salt Co. v. Salt Co.*, 134 Mich. 103 (1903).

MINNESOTA.

1. Corporation Laws.*

Constitution. (1857.) Private corporations not to be created by special act. Art. X, § 2. Stockholders except of corporations engaged in manufacturing or mechanical businesses are individually liable to the amount of stock owned. Id., § 3. Stock and bonds to be taxed. Art. IX, § 3. Combinations to monopolize markets for food products or interfere with freedom of markets declared criminal conspiracy to be provided against by law. Art IV, § 35 (1888).

Statutes. The general corporation law is contained in Chapter 34 of the General Statutes of 1894, §§ 2592-3436. Of this chapter, Title 1 relates to corporations exercising the right of eminent domain and Title 2 relates to other corporations for profit. Of Title 2, Part 1 contains general provisions; Parts 2 and 3 relate specially to manufacturing and mining corporations, and the remainder of the Title refers to loan, safe deposit and trust, building and loan, savings, co-operative and other corporations. Title 8 of Chapter 34 contains general provisions applicable to all corporations, and the intervening Titles refer to corporations not for profit and to insurance and road companies. Banks are provided for in Chapter 33.

2. Taxes and Fees.

Organization Expenses. To State Treasurer, on or before filing articles of incorporation: \$50 on the first \$50,000 or fraction thereof of the capital stock, and \$5 additional for every \$10,000 or fraction thereof in excess of \$50,000. § 3391. Corporations confined by their articles exclusively to manufacturing are not subject to these fees. Dairy corporations and some other are also exempt. L. 1901, Ch. 245. Recording with Secretary of State, 15 cents per folio; certified copy of articles, 50 cents per folio; issuing certificate of incorporation, \$1. For recording in counties and for copies, 10 cents per folio (§ 5567) but 7½ cents in Ramsey County (St. Paul), (§ 5571), and 12½ cents per folio in counties where salary is less than \$800 per annum. § 5568. Publication of articles of incorporation, 75 cents per folio first insertion; 35 cents for each subsequent insertion (§ 5581), publication cost usually ranging from \$10 to \$20.

Franchise Tax. None imposed.

* References, except as otherwise noted, are to the General Statutes of 1894.

Local Taxation. Corporations are taxed on surplus value of stock after deducting real and personal property taxed. § 1530. Real property is listed biennially, and personal property annually as of May 1st. Stock and franchise are listed by the corporation in the district where principal office is located. §§ 1514-1516. Stockholders do not list shares of companies which are taxed on capital and property in the State. § 1523.

General. On renewal of corporate existence, same fees are paid as on original incorporation. L. 1901, Ch. 206. On increase of capital stock, \$5 on each \$10,000 of increase or fraction thereof. § 3392; L. 1901, Ch. 245.

3 Incorporation.

Incorporators. Must be three or more. §§ 2794, 2827. No requirements as to residence. If more than 20 per cent. of the capital stock is held by aliens, a corporation can not own real estate in the State. § 5876.

Articles of Incorporation. Are to be signed and severally acknowledged in duplicate by the incorporators (§ 2593), and must contain (§ 2594):

(1) Name of the corporation, general nature of the business, and principal place, if any, of transacting the same. Name must not be similar to that of any other corporation in the State. § 2794.

(2) Time of commencement and period of continuance, not exceeding thirty years. §§ 2802, 2826.

(3) Amount of capital stock and how to be paid in. Must not be less than \$10,000. § 2797.

(4) Highest amount of liability to which corporation shall at any time be subject.

(5) Names and residences of the incorporators.

(6) Names of the first board of directors, and in what officers or persons the government of the corporation shall be vested, and when elected.

(7) Number and amount of shares in the capital stock. The par value must be not less than \$1 nor more than \$100. § 2797; L. 1901, Ch. 347.

Filing and Recording. The articles of incorporation must be published on two successive days, or in two successive weeks if paper is a weekly, in a newspaper published at the State capital or in the county where the principal office is located. § 2813. An affidavit of such publication is filed in office of Secretary of State. § 2594; L. 1901, Ch. 99. One copy of the articles of incorporation is recorded with the Register of Deeds of the county where the principal office is located. The other is recorded with the Secretary of State (§§ 2593, 2829), together with receipt of State Treasurer for organization tax.

§ 3393. The Secretary of State issues certificate of incorporation in prescribed form, stating the names of the subscribers, the name of the corporation, the corporate business and the amount of capital stock, which is also recorded by him. § 3394.

4. Organization.

First Meetings. Of stockholders must be held within the State for adoption of by-laws. When no other provision is made, the first meeting must be called by notice, stating time, place and purposes of the meeting, signed by one or more of the incorporators, served personally or published at least twenty days before the meeting in a newspaper published in the county of its location, or, if none there, at the capital of the State. § 3408.

Until otherwise provided by by-laws, the incorporators of mining and manufacturing corporations constitute the board of directors with full power and authority to make by-laws and manage the business. § 2831. The first board of directors of other corporations is required to be named in the articles of incorporation. § 2594. They choose one of their number as president and elect a secretary and treasurer, who must be residents of the State. § 2811.

By-Laws. The by-laws may determine manner of calling and conducting meetings; quorum; number of shares entitling stockholder to vote; mode of voting by proxy; mode of selling shares for non-payment of assessments, and tenure of office of the several officers and may impose penalties, not exceeding \$20, for breach thereof. § 3412. They may be amended by the directors, trustees or committee, subject to control of stockholders. § 2831. A certified copy of all by-laws of mining and manufacturing companies and of amendments, must be recorded with the Register of Deeds where the articles of incorporation were filed and also with the Secretary of State. Id.

Certificates. Before beginning business a certificate, signed and sworn to by the president and a majority of the directors, must be filed with the Secretary of State and a duplicate with the Register of Deeds, showing the purposes for which the company was formed, amount of capital stock, amount actually paid in, names of stockholders and number of shares held by each. § 2813. Certificates of payment of capital stock are similarly filed within thirty days after completed payment or payment of any instalment thereof. § 2813.

5. Corporate Existence.

When Commenced. On filing proof of publication of articles of incorporation in the office of the Secretary of State. L. 1901, Ch. 99. Not to continue more than thirty years. §§ 2802, 2826. Mining companies have perpetual succession. § 2827. Continues three years after expiration, annulment or forfeiture to close affairs. § 3431; L. 1905, Ch. 128.

Beginning Business. Business may not be commenced until after the articles of incorporation have been published twice in a newspaper in the county where the corporation is located or at the State

capital, and certificate thereof has been filed. (See "Certificates," under § 4.)

Renewal. May be had for successive terms of the same length as originally limited in the articles of incorporation, by a two-thirds vote, in the same manner as other amendments. Copy of the resolution so adopted, certified by the president and secretary and under the corporate seal, must be filed, recorded and published in the same manner as provided for original articles. §§ 2826, 3400; L. 1901, Ch. 207.

Forfeiture of Charter. Is accomplished by action brought by the Attorney General for violation of corporation laws, non-user of franchises, usurpation of powers, etc. §§ 5961-5973. Also for violation of laws against trusts. L. 1899, Ch. 359. Attorney General has visitatorial powers. § 3436.

Dissolution. Voluntary dissolution may be had by petition to the district court of a majority in number or interest of the members or stockholders. §§ 3430, 3432-3435.

6. Corporate Powers.

General. The usual powers are enumerated with but few restrictions. §§ 2595, 2794, 3407.

To Hold Property. May be held to the extent of corporate necessities (§ 2798) and when taken in payment of or as security for debts. §§ 2794, 2817, 2829, 2835. Holdings of real estate, except as to railways, canals or turnpike corporations, are limited to 5,000 acres. § 5877. Corporations in which more than 20 per cent. of the capital stock is held by aliens, can not hold real property. § 5876.

Its Own Stock. No provisions.

Stock of Other Corporations. Mining corporations may take, acquire and hold stock in any other corporation if a majority in amount of the stockholders shall so elect. § 2834.

To Borrow Money. The extent of corporate indebtedness is to be limited by the articles of incorporation. § 2594.

To Do Business in Other States. Is permitted. Offices may be established and stockholders' and directors' meetings be held without the State. §§ 2801, 2833, 3407.

Consolidation or Merger. No provisions.

Amendment of Charter. May be made providing for anything which might have been included in the original articles, by a two-thirds vote of the stock. §§ 2803, 3400; L. 1897, Ch. 12. Amended articles to be executed, filed, recorded and published in the same manner as original articles. §§ 2595, 2807, 2829.

7. Capital Stock.

Amount. Must not be less than \$10,000. §§ 2797, 2830; L. 1901, Ch. 347.

Initial Payment. No specific provisions. The manner of paying capital stock is to be prescribed in articles of incorporation. § 2594.

Consideration for Issue. Shares must not be issued for less than par value, except in the case of railroad, navigation, mining, manufacturing, mercantile and real estate corporations, which are given special privileges. §§ 2832, 3415. Fraud in stock subscriptions or stock issues is a misdemeanor. §§ 6761, 6762.

The directors may call in subscriptions to the capital stock by instalments, in such proportions, and at such times and places as they think proper, on notice to be prescribed by by-laws. Shares are forfeited on sixty days' default and sale may be had on thirty days' notice by advertisement. §§ 2815, 3413. Certificate of payment of each instalment of capital stock must be filed by directors with Secretary of State and Register of Deeds within 30 days of payment thereof. § 2813.

Increase or Decrease. Capital stock may be increased at any meeting of the stockholders specially named for that purpose. §§ 2595, 3398. Certificate thereof, signed and sworn to by the president and directors must be filed and recorded as were original articles. §§ 2595, 2820, 3399; L. 1901, Ch. 245.

Classes of Stock. May be provided for in the articles of incorporation or may be authorized by a majority of the stockholders at any annual meeting, or special meeting called for that purpose, and when so authorized may be issued by the board of directors on such terms as they deem best. § 3415.

Par Value of Shares. Must be not less than \$1 and not more than \$100. L. 1901, Ch. 347. Of manufacturing companies, not less than \$10 nor more than \$100. § 2806; L. 1897, Ch. 249.

Stock Certificates. Every owner of shares is entitled to a certificate when his fees or dues are paid showing the number of shares to which he is entitled. § 3416.

Transfer of Stock. Is to be regulated by the by-laws. § 2832. Transfer is not valid until entered on the books of the corporation, except as between the parties, and does not exempt the transferee from liability on the transferred stock. § 2599.

8. Stockholders.

Rights and Powers. Stockholders control amendments by a two-thirds vote. Meetings can be compelled by stockholders through warrant of justice of the peace on application of three or more stockholders. §§ 3408-3411. A majority of members of mining companies may call meetings by publication for thirty days in the county where corporation is located, or if no newspaper there, at the capital of the State. § 2832. Such vote is also necessary to sell or mortgage real estate of any such corporation. § 2835.

Liability. Under the Constitution, stockholders (except of manufacturing and mechanical corporations) are liable for the corporate debts to the amount of stock owned. Const., Art. X, § 3; L. 1899,

Ch. 272; *Bank v. Co.*, 90 Minn. 144 (1903); *Anderson v. Co.*, 65 Minn. 281 (1895). This liability is in addition to any amount due for unpaid subscriptions.

The private property of each stockholder is liable for corporate debts: (1) For unpaid subscription on stock owned by him or transferred to defraud creditors. (2) For a failure to comply substantially with the provisions as to organization and publicity. (3) For personal violation of the corporation law, or any fraud, or unfaithfulness in official duty. §2600. He may be sued with corporation and his liability determined, and execution, when returned unsatisfied as against the corporation, is levied on stockholders' property. §§2601, 2602, 2822.

Meetings. May be held without the State if the by-laws so provide. §§2833, 3407.

Notice. Is to be prescribed by by-laws. §3412. Meetings may, however, always be called by a majority of the members by publication for thirty days in a newspaper published at the place of its office, and if none there, at the State capital. §§2832, 3408. When all members are present and sign written consent on the record, notice may be waived. §3411.

In case of failure to hold annual meeting for two consecutive years, stockholders owning one-third of the stock may call meeting, at which one-third shall be a quorum. L. 1903, Ch. 152. In an emergency, meeting may be called on warrant issued by a justice of the peace on application of three or more members. §§3408-3411.

Quorum. A majority of the stock is a quorum and a majority of the stockholders present in person or by proxy decide. §2814.

Voting. Each share has one vote (§§2814-2830) unless by-laws provide otherwise. §§2814, 3412.

Proxies. Are to be regulated by by-laws. §3412. Must be in writing. §2830.

9. Directors.

General. Directors are elected annually for one year. §2809. They may be divided into three classes, however, each elected by rotation for three years. §3407. May be removed by court. §5895.

Number. Must be not less than three nor more than fifteen. §§2809, 3398. The number may be changed by regular amendment. §§2595, 3398, 3399.

Qualifications. They must be stockholders. §2809. No requirements as to residence.

Powers. They fill vacancies for the current year. §2812. They may make and amend by-laws, subject to repeal or approval of stockholders at regular meeting. §2831.

Liability. If the directors declare and pay a dividend when the company is insolvent or which would render it insolvent, those assenting are jointly and severally liable for the corporate debts at the time of such dividend. §2823. For any intentional violation of the law, the directors and officers guilty render themselves liable for the

corporate debts. §§ 2824, 2825. There are penal provisions for false reports, fraudulent issue of shares, etc. §§ 6699, 6700, 6761-6766.

Meetings. May be held without the State if the by-laws so provide. §§ 2833, 3407. A quorum requires a majority. § 2814. Where all are present and acting, notice is immaterial. *Times Co. v. Nimocks*, 53 Minn. 381 (1893).

Executive Committee. May be provided for in articles or by-laws. § 2831.

10. Officers.

General. A president, who must be a director, is prescribed, and also a secretary and a treasurer, who must be residents and keep their place of business with the corporate books within the State. § 2811. A transfer agent in the State may be a corporation or a person. L. 1897, Ch. 165.

Liability. (See § 9, "Directors.") The directors are charged with all the acts really transacted by specific officers, and are made liable for omissions or neglects therein. For refusal to exhibit list of stockholders and transfer book, there is a fine of \$250 to be recovered from the person refusing examination by the person demanding the same. L. 1897, Ch. 165.

11. Principal Office.

The directors may establish one or more offices without the State and transact business thereat; but an office must always be maintained within the State where legal process may be served upon the person in charge thereof. §§ 2801, 2811, 2833. May be changed by regular amendment of articles of incorporation. § 2595.

12. Corporate Books.

What Required. A stock transfer book is prescribed, to show by and to whom stock is transferred, number of shares and date of transfer. The books of the company must be kept so as to show intelligibly the original stockholders, their respective interests, the amount paid in on their shares and all transfers thereof. § 2599.

Books showing all business transactions (§ 2800) and books of account prescribed. § 2818. Minutes of meetings must be kept. § 2831.

Where Kept. At the place of business kept by the secretary and treasurer within the State. §§ 2811, 2818, 2831.

Examination of. The corporate books and records shall at all reasonable times be open to the inspection of stockholders (§§ 2599, 2831); and the directors shall once a year and when required, present to the stockholders in writing financial reports. §§ 2800, 2818. The transfer agent must exhibit to any stockholder on demand, during usual business hours, the transfer book and list of stockholders,

on penalty for refusal of \$250 to the person demanding examination. L. 1897, Ch. 165.

13. Reports.

The president, secretary or principal accounting officer of any company, except railroad, insurance or telegraph companies and banking corporations, whose taxation is specially provided for, shall make out and deliver to the assessor annually a sworn statement of its stock, setting forth particularly: (1) Name and location. (2) Capital stock and number of shares. (3) Amount of capital stock paid up. (4) Market value, if any; if none, the actual value of the shares of stock. (5) Total amount of all indebtedness except indebtedness for current expenses, excluding from such expenses the amounts paid for purchase or improvement of property. (6) Value of all real property, if any. (7) Value of personal property. § 1530.

14. Foreign Corporations.

How Authorized to Do Business. A foreign corporation must file authenticated copy of charter with the Secretary of State, and a sworn statement showing the proportion of its capital stock represented by property located and business transacted in the State, and must pay the same fees as domestic corporations on the capital stock employed in the State. Its license continues thirty years but may be renewed for like periods by re-filing articles and paying fees.

Any such corporation must before it can be authorized to transact any business in the State or acquire or hold any property, establish a public office in the State and appoint an agent residing in the same county on whom process may be served, and a duly authenticated copy of the appointment of such agent must be filed with the Secretary of State. Limitations on holding real estate exist. Secretary of State issues a certificate of compliance. §§ 3420, 5816; L. 1899, Chs. 69, 70; Lehigh Valley Coal Co. v. Gilmore, 93 Minn. 432 (1904); Rock Island Co. v. Peterson, 93 Minn. 356 (1904).

Penalties for Non-Compliance. Fine of \$1,000 to \$10,000 and inability to sue in the State courts. §§ 3421, 3422. Right to do business in the State is forfeited for transferring suits to Federal courts contrary to law. § 3427.

Taxation. Same as of domestic corporations. There is retaliatory taxation of foreign insurance companies. § 3138. A tax on gross earnings of railroad corporations is provided for. § 2753; L. 1903, Ch. 253.

Books. A transfer agent must at all times exhibit to stockholders, transfer book and list of stockholders when requested, on penalty of \$250. L. 1897, Ch. 165.

Reports. Stockholders' liability under Minnesota statutes not enforceable on stockholders of a foreign corporation doing business in State, but creditor's bill will lie. Rule v. Co., 64 Minn. 326 (1896).

Attachments Against. Lies on the ground of being a foreign corporation. §§ 5211, 5289.

15. Combinations and Monopolies.

Are declared criminal conspiracy by Constitution, Art. IV, § 35 (amendment, 1888), particularly as to monopolizing markets for food products. Laws passed to carry this into effect are found in R. S., §§ 6955-57, L. 1899, Ch. 359, and L. 1901, Ch. 194, with penalties of fines from \$500 to \$5,000, imprisonment three to five years and forfeiture of charter. L. 1901, Ch. 194, adds provision for threefold damages to person injured.

MISSISSIPPI.

1. Corporation Laws.*

Constitution. (1890.) Corporations not to be created by special act, nor for longer than ninety-nine years. § 178. Business must be commenced within two years. § 180. Corporate property to be taxed in the same way and to the same extent as that of individuals. § 181. Legislature may by general law grant five years' exemption from taxation to encourage manufactures or new enterprises of public utility. § 182. Municipalities may exempt such enterprises from local tax for ten years. § 192. Corporate charters to be recorded in the Chancery Clerk's office of the county where the principal office or place of business is located. § 189. Voting by proxy and cumulative voting prescribed. § 194. Legislature required to pass anti-trust law. § 198. No person interested in a competing business shall be a director of a corporation without the consent of a majority of the stock. § 194.

Statutes. The general corporation law is contained in the Code of 1892, Chapter 25, §§ 832-860, and subsequent amendatory and supplemental acts. Under it corporations may be formed for any lawful purpose except for the construction and operation of railroads other than street railways, or non-mutual insurance companies. L. 1898, Ch. 73. Chapter 112 of the Code treats of railroads, and Chapter 65 of insurance companies.

2. Taxes and Fees.

Organization Expenses. To Secretary of State for recording charter: Capital stock not exceeding \$10,000, \$20; over \$10,000 but not exceeding \$30,000, \$40; over \$30,000 but not exceeding \$50,000, \$60; over \$50,000, \$60 and one-tenth of one per cent. on amount in excess of \$50,000; no fee to exceed \$250. L. 1900, Ch. 45. For certified copy, \$10. Id. For publication, about \$10.

To Clerk of Court of Chancery in county of principal office, for recording charter and issuing certificate, 15 cents per 100 words; minimum fee, \$2.50. § 1991.

Franchise Tax. None imposed on business corporations.

Local Taxation. Creameries and factories and plants for making and working textile materials, minerals, cements, metals, agricultural implements, machinery, vehicles, shoes, clothing, barrels or

* References are to Code of 1892, except as otherwise noted.

MISSISSIPPI.

Enactments of 1906.

5. Corporate Existence.

Forfeiture of Charter. May result from any use of capital not authorized by charter or incident thereto. L. 1906, Ch. 252, p. 283.

6. Corporate Powers.

General. No corporation may employ its capital in anything but its legitimate business under penalty of forfeiture of charter. L. 1906, Ch. 252, p. 283.

To Hold Property. A corporation may hold proper personal property in any amount necessary, and may hold land required for its purposes to amount of one million dollars. Manufacturing corporations may hold land to amount of two million dollars exclusive of buildings and fixtures. No corporation may have any use, part or benefit in land to greater amount than it is allowed to hold by law nor employ its capital in anything but its legitimate business. Penalty for violation of these provisions is forfeiture of charter and forfeiture to State of all lands held in excess of lawful amount. L. 1906, Ch. 252, p. 283.

14. Foreign Corporations.

How Authorized to Do Business. In addition to the method provided for obtaining authority to do business provided in L. 1900, Ch. 45, foreign corporations, if they so elect, may become re-incorporated in the State by filing charter for approval and after approval paying fees as for domestic corporations, thereby obtaining the status of domestic corporations. L. 1906, Ch. 114, p. 102; also §§ 915-918, Miss. Code of 1906.

boxes, or other articles of use in a finished state, constructed or in process of construction before January 1st, 1910, are exempt from all state, county or levee taxes for a period of five years from date of granting charter. Municipalities may exempt such corporations from taxation for ten years. Const., Art. 7, §§ 182, 192; L. 1900, Ch. 48; L. 1904, Ch. 126. Most corporations with special franchises are subject to the license tax imposed upon various industries whether incorporated or otherwise. §§ 3317-3412; L. 1902, Ch. 54; L. 1904, Ch. 76.

General. For recording amendment to charter, \$5; filing articles of consolidation, \$25; any other articles of agreement between corporations, \$20. For filing certificates by officers, \$2. L. 1900, Ch. 45.

3. Incorporation.

Incorporators. Must be two or more. No requirements as to residence. § 833.

"Charter of Incorporation." Must be signed and acknowledged by each of the incorporators, and contain a clear and definite statement of (§ 833):

- (1) Purposes for which the corporation is created.
- (2) Names of the incorporators.
- (3) Corporate name. No restrictions.
- (4) Powers to be exercised.
- (5) Period. Not more than fifty years.

"Together with whatever else may be proper to be stated." § 833.

The last quoted provision gives wide scope for the introduction of additional clauses regulating the corporate affairs. The statutes do not require that the capital stock be stated in the charter but, in practice, it is included.

Filing and Recording. The charter is published three successive weeks in one or more newspapers of the county in which the proposed corporation is to be domiciled, or if none there, in one or more newspapers of the State having circulation in such county. § 833. It is then submitted to the Governor, who, on favorable report from the Attorney General as to the constitutionality and legality of its provisions, endorses his approval on the charter and causes the Secretary of State to affix the great seal. The Governor may require changes or withhold his approval entirely. § 833. The approved charter is then recorded with the Secretary of State and the Clerk of the Chancery Court of the county in which the corporation is to carry on its business. § 835; Const., § 189.

4. Organization.

First Meetings. Unless otherwise provided for, the first meeting of the "persons in interest" may be called on notice signed by one

or more persons named in the charter and published in some convenient newspaper for at least ten days before the time appointed for the meeting. § 836.

At this meeting by-laws are usually adopted and directors are elected. The meeting must be held within the State. § 836.

The first directors' meeting usually follows closely, and at this meeting the officers of the company are elected.

By-Laws. The power to make all necessary by-laws is granted in general terms. § 836.

Certificates. None prescribed to show completed organization, but proof of publication is required on presenting charter to Governor for approval. § 833.

5. Corporate Existence.

When Commenced. As soon as charter approved by Governor has been duly recorded with payment of organization tax. Is limited to fifty years. § 833. Continues three years after dissolution or expiration for winding up affairs. § 848.

Beginning Business. May be commenced forthwith, and must be begun within two years. Const., § 180.

Renewal. Any corporation desiring renewal of charter must observe the same requirements as to publication as in case of original charter, and it shall be sufficient for the Governor to give a certificate that the original charter is renewed under the great seal of the State. § 834. The charter must also be recorded anew. § 835.

Forfeiture of Charter. Charter is forfeited if organization does not take place within two years from incorporation. Const., § 180. Forfeiture also results from violation of the law against trusts and combines, which includes engaging in any business not expressly authorized by the charter or fairly and reasonably incidental thereto. L. 1900, Ch. 88. Violation of the provision limiting the property holding power of corporations is ground for forfeiture. § 838. Quo warrant lies for abuse or non-user of powers. §§ 3520-3539.

Dissolution. No specific provisions. Reference is made to dissolution by judgment of court. §§ 847, 848.

6. Corporate Powers.

General. The usual general powers are enumerated broadly. § 836. No corporation, domestic or foreign, may engage in any business not expressly authorized in its charter, or fairly and reasonably incidental thereto. L. 1900, Ch. 88.

To Hold Property. This power is limited to property not exceeding \$250,000 in value, except in the case of manufacturing and banking companies, which may hold property to the value of one million dollars. § 838; L. 1897, Ch. 14; Const., § 84.

Its Own Stock. No statutory provisions.

Stock of Other Corporations. No corporation shall directly or indirectly own stock, franchise or equipment of a competing corporation in the same kind of business. L. 1900, Ch. 88, § 5. If one corporation has transferred all its assets to another, and ceased to do business, this does not constitute a technical consolidation or merger but is attended by the same results so far as the rights of creditors are concerned, the property of the merged corporation in the hands of the purchasing corporation being subject to their demands. *Vicksburg, etc. Co. v. Co.*, 79 Miss. 341 (1901).

To Borrow Money. The power to borrow money, and secure same by mortgage or otherwise, to issue bonds and hypothecate the corporate franchises, is given in general terms. § 836. As to manufacturing and trading corporations, however, the power is limited by the amount of paid up capital stock. § 853. A mortgage or deed of trust conveying the franchises, income or future earnings of the corporation, shall not be valid against debts contracted in carrying on the corporate business. § 839.

To Do Business in Other States. No statutory provisions. Provision might be made therefor in charter or by-laws. Unless restrained by law, charter or by-laws, directors have power to meet in another state and to issue bonds and secure them by mortgage of corporate assets. *Thompson v. Water Co.*, 68 Miss. 423 (1890).

Consolidation or Merger. The only direct provision in the statute is a fee prescribed for filing articles of consolidation, \$25. L. 1900, Ch. 45. And the power to consolidate would seem to be limited by the regulations against trusts and combinations. L. 1900, Ch. 88, § 5. The power to consolidate is recognized and rights of parties commented upon in *Morrison v. American Snuff Co.*, 79 Miss. 330 (1901).

Amendment of Charter. Amendments are made, approved, published and recorded in same manner as original charter. §§ 834, 835.

7. Capital Stock.

Amount. Initial Payment. No provisions. May be fixed by charter or by-laws.

Consideration for Issue. No note, obligation or security shall be considered as payment of any part of the capital stock. § 850. The capital stock, in absence of contrary charter provision, may be paid for in property at its actual value. *Fargason v. Co.*, 78 Miss. 65 (1900).

Instalments overdue may be sued for, or stock may be sold. § 843.

Increase or Decrease. No express provisions. May undoubtedly be accomplished by amending charter.

Classes of Stock. Par Value of Shares. Stock Certificates. No provisions.

Transfer of Stock. Stock is transferable by endorsement and delivery of the certificates and the registry of such transfer on the

books of the corporation. Liability for corporate debts continues one year after transfer. § 844; *Scherck v. Montgomery*, 81 Miss. 426 (1902).

8. Stockholders.

Rights and Powers. The provisions of the Code are very meagre. The respective rights and powers of stockholders and directors may be outlined in the charter. On dissolution, assets vest *pro rata* in stockholders as tenants in common, subject to corporate debts. § 847.

Liability. Stockholders are individually liable to amount of unpaid subscriptions, for corporate debts contracted during their ownership of stock, and may be sued by any corporate creditor. This liability continues one year after transfer of the stock. § 844.

Meetings. The Code being silent, all meetings of stockholders must be held within the State. Notice and quorum are not prescribed, being left for regulation by charter or by-laws.

Voting. The corporation may prescribe the number of shares that shall entitle a member to vote. Cumulative voting is, however, prescribed for elections of directors, the number of stockholders' votes to be determined by the number of directors, multiplied by the number of shares owned by each stockholder. § 837; Const., § 194.

Proxies. Voting by proxy is permitted, the mode of so doing to be prescribed by by-laws. § 836.

9. Directors.

Number. No provisions.

Qualifications. A person engaged or interested in any competing business, either individually or as employee or stockholder, shall not serve on the board of directors without the consent of a majority in interest of the stockholders. § 837.

Powers. No unusual powers conferred by statute.

Liability. Loans to stockholders are prohibited, and officers assenting thereto render themselves jointly and severally liable for corporate debts to the extent of the loan. § 851. For dividends or capital withdrawn when company is insolvent, or which would render it insolvent, the assenting directors and the stockholders receiving the same, are jointly and severally liable for existing corporate debts to the extent of such dividends. § 852. For permitting corporate debts to exceed capital stock, directors of manufacturing or trading companies become individually liable for the excess. § 853.

Meetings. No specific provisions except that the manner of calling and conducting meetings is to be prescribed. § 836. If directors' meetings are to be held outside the State the charter or by-laws should so provide. *Thompson v. Co.*, 68 Miss. 423.

Executive Committee. No specific provisions.

10. Officers.

General. The Code provides for the election of all necessary officers. A president and secretary are mentioned in execution of papers. For violations of law against trusts and combines, officers or agents guilty thereof are liable to fine of from \$100 to \$5,000 and imprisonment of not less than three nor more than twelve months. L. 1898, Ch. 72; L. 1900, Ch. 88. (See "Directors' Liability," under § 9.)

11. Principal Office.

No direct provisions. By implication a principal office is to be maintained in the State.

12. Corporate Books.

What Required. None prescribed though transfer books are mentioned as a necessary feature in transfers of stock. § 844.

Where Kept. Examination of. No provisions.

13. Reports.

None required. Publication is required of charter, of notice of sale of forfeited stock and of all amendments, for three weeks. §§ 833, 835, 843. Also of first meeting, for ten days, unless other notice be prescribed. § 836.

14. Foreign Corporations.

How Authorized to Do Business. A foreign corporation doing business in the State must file with the Secretary of State a duly authenticated copy of charter or certificate of incorporation, certified by its president and secretary or other chief officers under the corporate seal, and must pay a filing fee of \$15. The Secretary of State issues certificate of authority. For a certified copy of a foreign charter, the fee is \$10. L. 1900, Ch. 45.

Penalties for Non-Compliance. Fine of not less than \$100. Id. Foreign corporations are subject to the anti-trust laws. L. 1900, Ch. 88; L. 1902, Ch. 62.

Taxation. No special provisions.

Books and Reports. None prescribed.

Attachments Against. Lie on ground of being foreign corporation. § 129; Morrison v. Co., 79 Miss. 330 (1901).

(Mississippi)

15. Combinations and Monopolies.

Constitution, § 198, directs legislation to prevent trusts, and by L. 1900, Ch. 88 (repealing earlier laws), they are declared to be inimical to public welfare, unlawful and a criminal conspiracy. Corporate charters and right to do business in the State to be forfeited for violation. Persons injured may recover double the amount paid by them for any commodity or service affected by such trust or combine. Exemption from taxation forfeited for violation of the act. L. 1904, Ch. 126, § 4. Officers are fined and imprisoned. L. 1900, Ch. 88, § 4. The Attorney General must bring quo warranto against offending corporations. Id.

MISSOURI.

1. Corporation Laws.*

Constitution. (1875.) Public ownership or interest in private corporations forbidden. Art. IV, §§ 45-49. Also special laws creating or affecting corporations (*Id.*, § 53), except those under State control. Art. XII, § 2. Cumulative voting at elections of directors prescribed. *Id.*, § 6. Corporations not to engage in business other than expressly authorized by charter, nor hold real estate over six years, unless necessary to legitimate business. *Id.*, § 7. Stock or bonds not to be issued except for money paid, labor done or property actually received; all fictitious issues void, and no increase to be had except under general law with consent of a majority of the stock on sixty days' notice. *Id.*, § 8. No stockholder to be liable for corporate debts above the amount of stock owned. *Id.*, § 9. Preferred stock to be issued only on consent of all the stockholders. *Id.*, § 10. Public office in State prescribed, with stock and transfer books therein. *Id.*, § 15.

Statutes. The corporation law of Missouri is found in the Revised Statutes of 1899, Chapter 12, of which Article I contains general provisions, Article IX refers specially to manufacturing and business corporations, and the intervening and subsequent Articles treat specially of railroad, street railway, road, telegraph and telephone, banking, saving and building and loan, trust, safe deposit, booming and rafting, express, bond investment, educational and benevolent, and other corporations. Amendments are found in Laws of 1901, 1903 and 1905, the latter chiefly affecting bridge and railroad corporations.

Manufacturing and business corporations may be incorporated for any kind of mining, mechanical, chemical, manufacturing, smelting, printing, coal oil or petroleum or agricultural business, and for any other lawful purpose intended for pecuniary profit or gain not otherwise especially provided for. § 1319.

2. Taxes and Fees.

Organization Expenses. To State Treasurer before filing articles of incorporation: \$50 on the first \$50,000 or less of capital stock and \$5 for every additional \$10,000. § 956; Const., Art. X, § 21. For issuing certificate of corporate existence, \$1.50. Recording fee to Secretary of State, 10 cents for each 100 words and same for copies; certified copy, \$1. § 3283. To Recorder of Deeds, 8 cents per 100 words. § 3256.

* Sections given are of Revised Statutes of Missouri (1899).

Franchise Tax. Special franchises only are taxed. L. 1901, p. 232.

Local Taxation. Personal property is returned as of June 1st of each year in every county where any is situated. § 9152. Individual stockholders are not taxed on their shares, but returns are made by the corporation of its real estate, income and value of stock, and surplus value above real estate is taxed to the corporation. § 9153.

General. On increase of capital stock, \$5 for every \$10,000 or less of increase. § 956; Const., Art. X, § 21. On renewal of corporate existence, same fees are paid as on original incorporation. § 972. For all other certificates, \$1.25. § 3283.

3. Incorporation.

Incorporators. Must be three or more. § 1312. No requirements as to residence.

Articles of Incorporation. Of manufacturing and business corporations must be signed and acknowledged by all the incorporators (§ 1313), and must set forth (§ 1312; L. 1901, p. 91):

(1) Corporate name, which must not be similar to that of any corporation theretofore incorporated in the State for similar purposes. If the name assumed is that of a person or firm, some word designating the business to be carried on must be joined thereto, also the word "corporation" or "company." § 959.

(2) Name of city or town and county in which it is to be located.

(3) Amount of capital stock, number of shares into which it is divided and par value thereof. Also that the same has been subscribed in good faith and that one-half has actually been paid up in lawful money of the United States and is in the custody of the persons named as the first board of directors or managers.

(4) Names and residences of the shareholders and number of shares subscribed for by each.

(5) Number of the board of directors or managers and the names of those agreed on for the first year. At least three must be residents of the State and all must be stockholders. § 1022, 1320; L. 1903, p. 124.

(6) Number of years the corporation is to continue, not exceeding fifty years.

(7) Purposes for which the corporation is formed.

(8) If any portion of the stock is to be preferred, the amount, the number of shares thereof, the names of subscribers therefor, the number of shares subscribed by each and the preferences, priorities, classification and character of such stock. § 1312; L. 1901, p. 91.

Filing and Recording. The articles of incorporation must be recorded in the office of the Recorder of Deeds of the county or city in which the corporation is to be located, and a certified copy is filed in the office of the Secretary of State (§§ 955, 1313), who thereupon issues certificate under the seal of the State, setting forth the amount of capital stock, the period of existence and the permanent place of location. A certified copy of this certificate is then recorded with the Recorder of Deeds of the home county. §§ 955, 1314; L. 1903, p. 124. The receipt of the State Treasurer for incorporation fee must be filed with Secretary of State before he will issue certificate.

4. Organization.

First Meetings. Unless otherwise provided in the articles, the first meeting of stockholders for adoption of by-laws is to be called by notice signed by one or more of the incorporators, served personally or by publication in a newspaper in or nearest to the county where the corporation is located, at least seven days before the meeting. § 944. It must be held within the State. *Camp v. Byrne*, 41 Mo. 525. Officers are elected at the meeting of directors following the first meeting of the incorporators. § 954.

By-Laws. Are to be adopted by the incorporators at the first meeting, but by-laws to direct the manner of taking the votes of stockholders on the question of increasing or diminishing the number of directors or trustees, or of changing the corporate name, may be made by the directors for the time being. No by-law regulating elections of directors is valid unless made at least sixty days before the election. §§ 969, 970.

Certificates. None required to show completed organization.

5. Corporate Existence.

When Commenced. On filing copy of the articles of incorporation with Secretary of State, after payment of fees, and is evidenced by certificate issued by him. §§ 955, 1314. May not exceed fifty years. § 1312. Can not be questioned collaterally, but only by quo warranto or other direct proceeding by the State. *Haskell v. Worthington*, 94 Mo. 560 (1887).

Beginning Business. May be commenced forthwith. It is to be noted, however, that in manufacturing and business corporations the articles of incorporation must show that all of the capital stock has been subscribed and that one-half is actually paid in. § 1312.

Renewal. Reorganization under the old name is provided for by majority vote of the stockholders and payment of the same fees as on original incorporation. §§ 972, 1008.

Forfeiture of Charter. Is to be decreed by court on proof that a corporation has violated any of the provisions against pools, trusts and conspiracies. § 8971. So also for failure to maintain office in the State and to have at least three directors residents of the State, if such failure lasts for a period of six months. § 1023.

Dissolution. On insolvency, may be had on action by the directors or a majority of the stock; but for any cause, on a vote of two-thirds in value of all the stock. In either case application must be made to the courts. §§ 977-981. Affidavit of dissolution must be filed with Secretary of State. § 1018.

6. Corporate Powers.

General. The Constitution, Art. XII, § 7, provides that no corporation may engage in any business other than that expressly authorized in its charter. But manufacturing and business companies may extend their business to any other purposes authorized by the law, by proceedings similar to those for increase of stock. §§ 1327-1329. General powers are enumerated. § 971; L. 1903, p. 114.

To Hold Property. This power is granted to the extent of corporate necessities and that taken to pay or secure debts. § 971, 4. The Constitution, Art. XII, § 7, provides that no real estate, except such as may be necessary or proper for carrying on its legitimate business, may be held by any corporation for a longer period than six years.

Its Own Stock. The power of a corporation to purchase its own stock is recognized (*Co. v. Co.*, 168 Mo. 634 [1902]); but it is provided that no person shall be admitted to vote on any share of stock belonging or hypothecated to the corporation. § 950.

Stock of Other Corporations. No statutory provisions.

To Borrow Money. Bonds may only be issued for real value and with the consent of a majority in value of the stock first obtained at a meeting called for that purpose on sixty days' public notice. Const., Art. XII, § 8. Bonded indebtedness must not exceed the authorized capital stock, except in the case of railroad companies acquiring the property of another similar company. §§ 962, 1337. By a two-thirds vote, bondholders may be authorized to convert their bonds into stock. § 1337.

To Do Business in Other States. No direct provisions, but all meetings of directors, except of mining and railroad companies, must be held at the principal office within the State. § 973; L. 1901, pp. 88, 89; Const., Art. XII, § 15.

Consolidation or Merger. Is permitted as to two manufacturing corporations whose objects and business are in general of the same nature, by agreement of the boards of directors and assent of the owners of at least three-fifths of the capital stock of each corporation; certificate of consolidation to be recorded and filed as were original articles of incorporation. § 1334. Consolidation of competing or parallel lines prohibited. Const., Art. XII, § 17.

Amendment of Charter. No general statutory provisions exist, but by majority vote of the stockholders the corporate name, the number and par value of shares, and the number of directors, within the statutory limits, may be changed (§ 971, 7), capital stock may be increased or decreased (§§ 962, 1327-1333), and the corporate purposes may be extended. § 1327. All amendments are made and filed, re-

corded and certified in the same manner as the original articles and are considered as part of the original articles. §§ 958, 1313; L. 1903, p. 123.

7. Capital Stock.

Amount. Of manufacturing and business corporations, must be not less than \$2,000 nor more than \$10,000,000. § 1320.

Initial Payment. In manufacturing and business corporations, the entire capital stock must be subscribed for and one-half paid in before the articles of incorporation are filed. § 1312. As to corporations generally, it is provided that 5 per cent. must be paid in cash on each subscription. § 957.

Consideration for Issue. May be money paid, labor done or property actually received, but all fictitious issue of stock is void. § 962; Const., Art. XII, § 8; Rumsey Mfg. Co. v. Kaime, 173 Mo. 551 (1903); Foster v. Refining Co., 118 Mo. 238 (1893). No note or obligation whether secured by deed of trust, mortgage or otherwise shall be considered as payment of any part of the capital stock. § 1323. Five per cent. is required to be paid in money on each subscription at the time of entering the same. § 957.

Assessments are regulated by by-laws. For non-payment, stock may be forfeited, on sixty days' notice served personally or by mail. § 961. Corporation may sue for arrears. §§ 984.

Increase or Decrease. May be effected by consent of the persons holding the larger amount in value of the stock. Procedure prescribed in detail. §§ 962, 963, 1328, 1329; Const., Art., XII, § 8. On increase, not less than 50 per cent. must be paid up in lawful money of the United States. § 1327. Certificate of increase is filed with Secretary of State. § 964. No decrease is allowed to the prejudice of debts, which must at no time exceed the amount of the capital stock. § 1327.

Classes of Stock. May be provided for in articles of incorporation. § 1312. Preferred stock may also be issued as part of any increase of stock, all the terms on which such preferred stock is to be issued being submitted to the stockholders at the meeting held to consider such increase. Dividends not to exceed 8 per cent. §§ 1332, 1333. No preferred stock shall, however, be issued without the consent of all the stockholders. Const., Art. XII, § 10.

Par Value of Shares. Not prescribed. May be changed by majority vote of the stock and filing affidavit thereof. § 971, 7.

Stock Certificates. No provisions.

Transfer of Stock. Must be made on the books of the corporation. §§ 965, 966. No transfers to be made until all previous calls have been paid in. § 965.

8. Stockholders.

Rights and Powers. They have the usual powers of control over charter and by-laws, by various prescribed proportions of the stock. §§ 962, 1328, 1337, 1334. Two may call meetings in an emergency by application to justice of the peace. §§ 945, 946.

Liability. Stockholders are liable for corporate debts to the extent of unpaid subscriptions on stock. This liability may be enforced only after execution returned unsatisfied against the corporation, and then only by levying such execution pursuant to order of court, obtained on regular motion. But question of *bona fide* payment for stock may be enquired into. *Shepard v. Drake*, 61 Mo. App. 134 (1894).

Meetings. The time and place within the State shall be prescribed by the by-laws. § 1320. Unless another date is fixed by by-laws for annual election, it shall be held on the second Monday of January. § 968. On failure to hold election of directors on the day fixed, an election must be called within sixty days thereafter, those entitled to vote thereat to remain as of the day originally fixed. § 951. Every meeting of shareholders shall be convened at 9 a. m. and continued three hours, unless the object for which it was convened be sooner accomplished, but by-laws may change this for meetings for other purposes than elections or special propositions. § 947.

Notice. For ordinary meetings ten days is prescribed, unless longer notice is required by statute; such notice to be served personally, or by publication for ten days in a daily or weekly newspaper in the county where corporation is located. § 947. Notice may be waived by unanimous written consent. *State v. Cook*, 178 Mo. 189 (1903). Two weeks' notice by publication once each week is required for annual meeting of business corporations. § 1320.

Voting. No one shall be admitted to vote except those in whose names the shares shall have stood on the transfer books of the company at least thirty days previous to the election. § 949. It must be by ballot. § 1320. Cumulative voting is prescribed. §§ 953, 1320.

Proxies. Voting by proxies is permitted. § 1320.

9. Directors.

Number. Must be not less than three nor more than thirteen. §§ 971, 1320. Change of number is provided for, by majority vote of the stock. § 971, 7. Classification is permitted up to three classes, one class to be elected each year. § 1320.

Qualifications. At least three of the directors must at all times be citizens and residents of the State. §§ 973, 1022, 1320. All must be stockholders. § 1320; *L.* 1903, p. 124.

Powers. Within certain limits they may make by-laws. § 969. (See "By-Laws," under § 4.) They fill vacancies on the board. § 1320. They are trustees on dissolution. § 976.

Liability. For knowingly declaring and paying any dividend

when the company is insolvent or which would render it insolvent, they are jointly and severally liable for all corporate debts then existing or incurred while they remain in office. Absent directors or those entering objections on record, are exempt. §§ 983, 1321.

Meetings. All meetings of directors, except those of railroad and mining corporations, must be held at the general office within the State. § 973; L. 1901, p. 89; Const., Art. XII, § 15. A majority is required to constitute a quorum. § 973.

Executive Committee. May be provided for in by-laws. § 954.

10. Officers.

General. The directors shall appoint one of their number president, and shall also appoint a treasurer and secretary and such other officers and agents as the by-laws may prescribe. § 954. Two inspectors of election, who must be stockholders and not directors, are to be appointed by the president (§ 947), and are to take an oath in prescribed form. § 948. Secretary must have his office at the principal corporate office in the State. § 1022.

Liability. There are penal provisions against fraud in corporate affairs, making various wrongful acts in regard to issuance of stock or bonds felony, punishable by fine not exceeding \$3,000 and imprisonment not less than three nor more than seven years. §§ 1935, 1936. For failure to file tax returns, fines of \$1,000 are prescribed. §§ 9156, 9231. For loans to stockholders the officers assenting to same become liable to the corporation for the amount. § 1323. For refusal to permit examination of books, they are liable to fines of \$250 for each offence. § 967.

11. Principal Office.

A general office for the transaction of business must always be maintained in the State, at which meetings must be held and transfers of stock must be made. § 1022; Const., Art. XII, § 15. Factories, shops, offices or agencies or other establishment, or works or business, must not be removed from any city or place without first repaying or restoring any moneys, lands or other property, granted to the corporation as an inducement to locate in such place. § 1028.

12. Corporate Books.

What Required. Books must be kept in which shall be recorded the amount of capital stock subscribed; the names of the owners of the stock; the amounts owned by them respectively; the amount of stock paid and by whom; the transfers of stock with dates; amount of assets and liabilities and the names and places of residence of the officers. § 966; Const., Art. XII, § 15. The directors of manufacturing and business corporations are charged with keeping correct accounts of their transactions. § 1322. Corporations required to file annual reports are charged with keeping their books and accounts

in such manner as to enable them accurately to make such reports. § 1015.

Where Kept. At the general office in the State. §§ 1022; Const., Art. XII, § 15.

Examination of. Stock and transfer books of manufacturing and business corporations must be open to parties interested at all proper times under such regulations as may be prescribed by the by-laws. § 1322. Must be open to examination of stockholders during usual business hours for thirty days previous to elections. § 966. The directors must also mail to each stockholder at least ten days before election, full statement of the corporate condition and a list of the stockholders with the number of shares held by each. § 1322. Transfer books must be produced at elections to determine the right to vote. §§ 947, 949.

13. Reports.

Every business corporation must annually on July 1st, report to the Secretary of State, the location of its principal office; name of president and secretary; amount of capital stock, both subscribed and paid up; par value of stock and actual value at time of making report; cash value of all its personal property, and of all its real property within the State, as of June 1st next preceding, and the amount of taxes paid for the last year. § 1013. Affidavits as to trusts, in form set out in the statute, are required on the same date. § 8973. The president or other chief officer of all corporations which are not specially taxed, must deliver to the assessor a list of the names of persons holding stock therein, the number of shares held and the face value thereof; also a complete statement of all reserve funds, undivided profits, premium or earnings and all other values belonging to the corporation. § 9153.

Publication is required only of notices. §§ 947, 963, 1328.

14. Foreign Corporations.

How Authorized to Do Business. Every foreign corporation for gain doing business in the State must file in the office of the Secretary of State a duly authenticated copy of its charter or articles of association, together with a sworn statement under the corporate seal, setting forth the business of the corporation which it is engaged in carrying on or which it proposes to carry on in Missouri; and its principal officer or agent in the State must also file a duly verified statement of the proportion of its capital stock represented by property located and business transacted in the State, and on such proportion of its capital, incorporating taxes and fees are paid equal to those required of domestic corporations. §§ 1025, 1315-1318. Also \$10 license fee. § 1317; L. 1903, p. 121.

The Secretary of State issues a certificate of authority stating the entire amount of its capital, and the proportion thereof employed in the State of Missouri (§ 1025); but no such certificate will be issued to any corporation having the same name as any domestic corporation or an imitation of such name (Id.), nor will license be issued to any foreign corporation that could not organize under the laws of

this State (§ 1316), nor to any foreign corporation organized by residents of Missouri to avoid the laws of Missouri (L. 1903, p. 121), and such corporations are subject to the limit of time for corporations set out in the laws of the State. § 1025. They are subject to all the laws and regulations governing domestic corporations. §§ 1018, 1024.

Penalties for Non-Compliance. Fine of not less than \$1,000 is prescribed and inability to maintain suits in the courts of the State. § 1026.

Taxation. Same as for domestic corporations.

Books. An office must be maintained in the State at which books must be kept, showing in detail all assets and liabilities as well as the names and residences of the stockholders, officers and directors. § 1024; L. 1903, p. 119; *State v. Dearing*, 184 Mo. 647 (1904).

Reports. An annual report on July 1st of each year must be made to Secretary of State, giving: (1) Location of office; (2) name of principal officer in State; (3) cash value of real and personal property in State on June 1st; (4) amount of taxes paid in preceding year. § 1014. Also an affidavit must be filed on or about July 1st of each year, in response to letter of inquiry from Secretary of State and on form supplied by him in regard to pools, trusts and conspiracies, on penalty of forfeiture of right to do business in the State, and fines. §§ 8973, 8974.

Attachments Against. Lie against foreign corporations as non-residents. § 1007.

15. Combinations and Monopolies.

Are prohibited broadly under penalties of forfeiture of charter or right to do business, and fine of from \$5 to \$100 for each day of continued violation. §§ 8965-8977. Affidavit is to be filed with Secretary of State on or about July 1st of each year. § 8973. For facilitating the enforcement of this law, minute provisions exist concerning testimony and other procedure. §§ 8978-8992; *State v. Armour Pkg. Co.*, 173 Mo. 356 (1903); *State v. Schwarzschild & S. Co.*, 173 Mo. 394 (1903); *Finck v. Granite Co.*, 187 Mo. 244 (1905).

MONTANA.

1. Corporation Laws.*

Constitution. (1889.) No charters to be granted by special act except to municipal, charitable, educational or reformatory corporations under control of the State. Art. XV, § 2. Cumulative voting prescribed. Id., § 4. Trustees may not invest trust funds in stock or bonds of private corporations. Id., § 37. Taxation of both stock and property represented by such stock prohibited. Art. XII, § 17. Trusts prohibited. Art. XV, § 20. No corporation to issue stock or bonds except for labor or services, money or property actually received; all fictitious issue void. Stock not to be increased except on majority vote of the stock at meeting called on at least thirty days' notice. Id., § 10. Foreign corporations to have office and agent in the State, and not to enjoy any greater privileges than accorded to domestic corporations. Id., § 11. Consolidation of competing lines prohibited. Id., §§ 6, 14.

Statutes. The Civil Code (1895), Division First, Part IV, contains the corporation laws of Montana. Title I contains general provisions under which corporations for all ordinary business purposes may be formed. Titles II to XI treat respectively of banking, trust and savings, insurance, building and loan, religious and benevolent, railroad, telegraph and telephone, and mining corporations. Title XII treats of foreign corporations.

2. Taxes and Fees.

Organization Expenses. To Secretary of State for recording and filing articles of incorporation: 50 cents on each \$1,000 of capital stock up to \$100,000; 40 cents on each \$1,000 of excess up to \$250,000; 30 cents on each \$1,000 above \$250,000 up to \$500,000; 20 cents on each \$1,000 above \$500,000 up to \$1,000,000; 10 cents on each \$1,000 above \$1,000,000. Minimum fee, \$20. For copies, 20 cents per folio; certificate and seal, \$1; for issuing certificate of incorporation, \$3. L. 1905, Ch. 74.

Franchise Tax. None imposed.

Local Taxation. As for individuals. Taxation of both stock and the property represented by such stock prohibited. Const., Art. XII, § 17. Sworn statement of property to be made to tax assessor by

* References, except where otherwise noted, are to the Civil Code of 1895.

president, secretary, managing agent or cashier by noon on first Monday in March. Pol. Code, §§ 3701, 3713.

General. Fee for filing certificate of increase of capital stock, same as on original incorporation; for filing and recording certificate of decrease of capital stock, \$5; for filing and recording certificate of continuance of corporate existence, one-half of the fees paid on original incorporation, and for issuing certificate of filing in any of the foregoing cases, \$3. For filing and recording each notice of removal of place of business, certificate of change of name, or making stock assessable, \$3. Any other paper, \$1. For all copies, 20 cents per folio; certificates and seals, \$1. L. 1905, Ch. 74.

3. Incorporation.

Incorporators. Must be three or more. § 405. But religious corporations may be formed by one person. L. 1899, p. 105.

Articles of Incorporation. Must be subscribed and acknowledged by each of the incorporators (§ 405), setting forth:

- (1) Name. Must not be similar to that of existing corporation.
- (2) Purpose for which it is formed.
- (3) Place where its principal business is to be transacted.
- (4) Term, not exceeding twenty years. § 406. (See § 5, "Corporate Existence.")
- (5) Number of directors or trustees, not less than three nor more than thirteen, and the names and residences of those appointed for the first three months and until their successors are elected and qualified.
- (6) Amount of capital stock and the number of shares into which it is divided, and if there be more than one class of stock, a description of the different classes with the terms on which they are created. § 520; L. 1905, Ch. 102.
- (7) Amount actually subscribed and by whom. No requirements as to amount.
- (8) If the stock is assessable it must be so stated. § 403.

Filing and Recording. The articles of incorporation are filed and recorded in the office of the clerk of the county in which the principal business of the company is to be transacted, and a copy, certified by the County Clerk, in the office of the Secretary of State, who thereupon and on payment of the prescribed fees, issues a certificate to the corporation under the Great Seal of the State. §§ 406, 411. A copy of the articles, certified by the Secretary of State, must be filed in the clerk's office of every county in which the corporation holds property, within sixty days after acquiring same. § 409.

4. Organization.

First Meetings. By-laws must be adopted by the stockholders within one month after incorporation, and meeting is usually called for this purpose on two weeks' notice to stockholders published in newspaper in county nearest to principal office. § 430. By-laws may, however, be adopted without meeting, on written assent of two-thirds stock. Id.

The directors must meet immediately after their election and organize by election of a president, who must be one of their number, a secretary and a treasurer. § 437.

By-Laws. Where no other special provision is made, the by-laws may provide for: (1) Calling and conducting meetings. (2) Quorum of stockholders. (3) Voting by proxy. (4) Annual election of directors. (5) Compensation and duties of officers. (6) Manner of election and tenure of all officers other than directors. (7) Suitable penalties for violations of by-laws, not exceeding \$100 in any one case. § 432.

The by-laws must be certified by majority of the directors and by the secretary, and copied in a "Book of By-Laws." They may be repealed or amended by a two-thirds vote of the stock at any meeting duly called, or by written assent of a like number; and the power to make or alter by-laws may be delegated to the directors by a like vote or assent. § 433.

Certificates. None required to show completed organization.

5. Corporate Existence.

When Commenced. On issuance of certificate by Secretary of State. § 406. May continue for twenty years. § 403. Manufacturing, mining, chemical and mechanical, ditch, flume or water power, real estate, or other companies designed to aid and develop industrial and productive interests may incorporate for forty years. § 411. Right to corporate existence can not be attacked collaterally. §§ 395, 523.

Beginning Business. May be begun on receipt of charter from Secretary of State—must be within one year thereafter on penalty of forfeiture. §§ 406, 523.

Renewal. May be had for an additional term of twenty years. §§ 400, 413, 562.

Forfeiture of Charter. Quo warranto lies against corporation for non-user or abuse of powers. Code Civil Pro., §§ 1410-35. Failure to commence business within one year after incorporation, and violation of law against combinations and monopolies, are grounds for forfeiture at suit of Attorney General. § 523; Const., Art. XV, § 20; Penal Code, § 321.

Dissolution. If voluntary, is had by application to the courts on two-thirds vote of all the stock. Code Civ. Pro., §§ 2191-2196. Re-

ceiver may be appointed (Id., §§ 950, 952), and if no receiver or other trustees are appointed by the court, directors act as trustees. § 561.

6 Corporate Powers.

General. The usual powers are enumerated. § 520.

To Hold Property. This power is granted to the extent of corporate necessity. §§ 520 (4), 526. L. 1899, p. 113, contain minute directions, including protection of minority stockholders, for conveyances of all or part of property of mining corporations.

Its Own Stock. On sale of stock for non-payment of assessments, the corporation may bid it in; but while held, it is non-assessable and non-dividend bearing and subject to the control of the remaining stockholders. A majority of the remaining stock is a quorum. §§ 502, 503; Porter v. Co., 29 Mont. 347 (1904).

Stock of Other Corporations. By L. 1899, p. 113, mining corporations are by implication given the power to transfer all or any part of their property in exchange for property or stock of any other corporation. The courts have held that "it is not against the public policy of this State to prevent, and mining corporations are permitted to hold and vote stock in other corporations of like character." McGinniss v. Mining Co., 29 Mont. 428 (1904).

To Borrow Money. This power is granted as follows: "To enter into any obligations or contracts essential to the transaction of its ordinary affairs, or for the purposes of the corporation." § 520 (7). But no bonds may be issued except for money paid, labor done or property actually received, and all fictitious indebtedness is declared void. § 525; Const., Art. XV, § 10.

To Do Business in Other States. Directors' meetings may be held without the State if authorized by the by-laws. L. 1899, p. 108. The courts have held that "It is also true that the directors may transact much business outside of the State, but they have no right to move the entire official business of the corporation beyond the State." McConnell v. Co., 30 Mont. 239, 261 (1904).

Consolidation or Merger. Between mining corporations is provided for by assent of two-thirds of the stock. § 527.

Amendment of Charter. Corporate name may be changed; existence extended to forty years; the character of business altered; the capital stock increased or diminished or classified; par value of shares changed; principal place of business changed, as also number of directors. §§ 400, 413, 450, 525.

7. Capital Stock.

Amount. Not prescribed but is to be limited in articles of incorporation. § 403.

Initial Payment. Not prescribed but amount subscribed is to be stated in articles of incorporation. § 403.

Consideration for Issue. Must be money paid, labor done or property actually received, and all fictitious increase of stock is void. § 525; Const., Art. XV, § 10. The directors may purchase mines, manufactories and other property necessary for the corporate business, and issue stock therefor to the value thereof, and the stock so issued shall be taken and declared to be fully paid and not liable to any further call. On mines arbitrary value may be fixed. But in all statements and reports the facts of payment must be stated, and such stock must not be represented as having been paid in cash. § 410. On overvaluation of property taken in payment, stockholder was held liable for difference. *Kelly v. Clark*, 21 Mont. 291. (See under § 8, "Liability.")

Minute directions are given for levying assessments, where articles of incorporation declare the stock assessable. §§ 509, 490-508. Where the stock has been declared non-assessable in the articles of incorporation, it may be made assessable by written assent of three-fourths of the stock entered on the records. Certificate to be filed and recorded in the same offices as the original articles. § 510; see also § 452.

Increase or Decrease. The capital stock may be increased or decreased by two-thirds vote of the stock cast at a meeting called in accordance with the statute (§§ 412-414, 525), but must not be decreased to an amount less than the corporate debts. § 438. Const., Art. XV, § 10, prescribes sixty days' notice.

Classes of Stock. May be provided for in articles of incorporation, with terms on which they are to be created.

Preferred stock must at no time exceed two-thirds of the actual capital paid in cash or property; its dividends must not exceed eight per cent. per annum, and must be expressed in the certificates. It may be made redeemable at not less than par. L. 1905, Ch. 102.

Par Value of Shares. Not prescribed.

Stock Certificates. Must be issued when fully paid for, signed by the president and secretary. By-laws may provide for issue prior to full payment under suitable restrictions. § 471. "Bearer Certificates" of mining companies are authorized by L. 1897, p. 69. Preferred stock certificates must show amount of preferred dividend. L. 1905, Ch. 102.

Transfer of Stock. May be made by indorsement and delivery of certificates, but is not valid except as between the parties until entered on the books of the corporation. §§ 472, 541. "Bearer Certificates" of mining companies may be converted into registered certificates at any time.

8. Stockholders.

Rights and Powers. They have control of all charter amendments, usually by a two-thirds vote. One-half may call meetings for the removal of a director, and two-thirds vote will remove him. § 439. The same number may call meeting and vote for disposing of the whole or any part of the corporate assets. In such case protection

for minority stockholders is provided. L. 1905, Ch. 103; Forrester v. Co., 21 Mont. 544 (1899).

Liability. Stockholders are severally and individually liable to the amount of unpaid stock held by them respectively. § 470. They are held liable in a case of overvaluation of property taken in payment for stock. Kelly v. Clark, 21 Mont. 291, 318; King v. Mining Co., 28 Mont. 74 (1903).

Meetings. Must be held annually on first Tuesday in June, unless otherwise prescribed in by-laws, for election of directors. § 431.

Place. All meetings must be held at the office or principal place of business within the State. §§ 448, 450.

Notice. Must be published two weeks in a newspaper in the county in which the principal place of business is located, or if none there, in an adjoining county. § 430. Various longer notices are specially prescribed for meetings for amendments. But when all are present and sign written consent to any meeting, notice is not required. § 446.

Quorum. May be prescribed by by-laws (§ 432), but it is provided that a majority of the stock outside of treasury stock shall control (§ 503), and a majority of the subscribed stock is also prescribed for all other meetings. § 441.

Voting. Elections must be by ballot. Voting by proxy is permitted, and cumulative voting provided for. § 436. Stock can not be voted which has been transferred within ten days before the election. § 441.

9. Directors.

Number. Must be not less than three nor more than thirteen. §§ 403, 434, 450. Number may be changed within these limits, by consent of two-thirds of the stock and publication of notice for three weeks. § 450. A director may be removed by a like vote, and one-half of the stock may call meeting for such removal. § 439.

Qualifications. Directors must be stockholders in such amount as may be prescribed by the by-laws. This does not apply to those named in the articles of incorporation, who act for the first three months and until their successors are elected and qualified. § 434.

Powers. Power to repeal or amend by-laws may be delegated to directors by a two-thirds vote of the stock. § 433. They fill vacancies on the board unless otherwise provided in the by-laws. § 434. They are trustees on dissolution or expiration, unless court appoints other persons. § 561. Directors can not vote salaries to themselves, nor adopt by-laws permitting such salaries. McConnell v. Co., 30 Mont. 239; Severson v. Co., 18 Mont. 13.

Liability. For failure to file annual report the directors become jointly and severally liable for existing corporate debts. § 451. For declaring dividends except from surplus profits, or otherwise reducing capital stock except as provided by law, or creating debts in excess of the capital stock, the directors, except those absent or dissenting on the minutes at the meeting, are jointly and severally liable to the

corporation and to its creditors in case of dissolution to the full amount of such dividend, payment, or debt. Statute of Limitations does not run in favor of directors thus liable. § 438.

Meetings. Of directors may be held either within or without the State at such place or places as may be designated by the by-laws. But when held outside of the State either the original or full and complete copies of all proceedings had at such meetings, certified by the president and secretary under seal, must be sent to and kept at the principal office or place of business within the State and must be part of the corporate records in the State. L, 1899, p. 108; *McConnell v. Co.*, 30 Mont. 239, 263 (1904).

In the absence of provisions in the by-laws, all meetings must be called by special notice in writing given each director by the secretary on the order of the president, or if none, by order of two directors. § 449. A majority constitutes a quorum (§ 437) and is essential to valid acts. § 434.

Executive Committee. No statutory provisions.

10. Officers.

A president, who must be a director, and a secretary and treasurer are prescribed (§ 437); their duties and compensation to be prescribed by by-laws. § 432. For wilfully making false statements, representations or reports, officers are jointly and severally liable for resulting damages. § 445.

The provisions of the Penal Code relating to management of corporations are numerous and minute. §§ 980-1000.

11. Principal Office.

Must be maintained in the State. Location may be changed by consent of two-thirds of the stock with publication. § 450.

12. Corporate Books.

What Required. A "Book of By-Laws" is prescribed (§ 433); also a record of all business transactions, a journal of all meetings of directors, members or stockholders, embracing every act done or ordered to be done, and, if a director or stockholder so requests, the time of his entering or departing must be noted, and on like request, the ayes and noes on any vote; also objections must be entered in full if requested. § 540. A "Stock and Transfer Book" is also prescribed with full details, including every assessment, paid and unpaid, etc. § 541. These books and records must be kept at the general office of the corporation (§§ 433, 448), and are to be open to inspection of the public (§ 433), or to stockholders, members and creditors. §§ 540, 541.

13. Reports.

Every stock corporation must annually, within twenty days from December 31st, file in the office of the clerk of the county in which

the principal office or place of business is located, a report verified by the president, vice-president or secretary and signed by the president and a majority of the directors, setting forth: The amount of the capital stock; the proportion actually paid in; the amount of existing debts. § 451; L. 1903, Ch. 32.

Publication is required of numerous notices and amendments, consolidation, dissolution, assessments, etc. Notice of stockholders' meeting can alone be waived, and then only when all are present and sign consent. §§ 446, 450, 451, 495, 498, 525.

14. Foreign Corporations.

How Authorized to Do Business. Foreign corporations before doing business within the State must file in the office of the Secretary of State and of the clerk of the county in which they intend to carry on business, duly authenticated copies of their charters or articles of incorporation, and a statement verified by the president and secretary and attested by a majority of the directors, showing: (1) Name of the corporation and location of principal office or place of business without the State and also within the State. (2) Amount of capital stock. (3) Amount of capital stock actually paid in in money. (4) Amount of capital stock paid in in any other way and in what. (5) Amount of the assets of the corporation and of what they consist, with cash value. (6) Liabilities, and what amount secured, if any, and on what property. Also a certificate under the corporate seal and verified by the president and secretary consenting to be sued in the State courts, and naming an agent, who must be a citizen of the State, residing at the principal place of business within the State, on whom service may be made. § 1; L. 1901, p. 150. The consent of such agent must also be filed. *Id.*, § 2; Const., Art. XV, § 11.

Fees on filing certified copy of charter, same as domestic corporations; notice of appointment of agent, \$5; each annual report, \$5. L. 1905, Ch. 74.

Penalties for Non-Compliance. Non-compliance is declared a misdemeanor of the corporation and its agents, and renders contract unenforceable. L. 1901, p. 150, §§ 3, 5, 6.

Taxation. The franchise of a foreign company to do business in the State is property, and is a proper subject for taxation within the meaning of the Constitution (Art. XII). *N. W. Mut. L. Ins. Co. v. County*, 28 Mont. 484 (1903).

Books. No express statutory regulations. Foreign corporations are expressly included in the penal provisions as to books, etc. Penal Code, §§ 980-1000.

Reports. An annual report must be filed within two months from April 1st of each year, in the same form and containing the same information as the original statement and filed in the same offices. L. 1901, p. 150, § 4.

Attachments Against. Are issued in any action on contracts for the direct payment of money, when unsecured. Code Civ. Pro., § 890.

(Montana)

15. Combinations and Monopolies.

The Constitution, Art. XV, § 20, prohibits combinations to fix prices or regulate the production of any articles of commerce or product of the soil for consumption by the people. This is carried into effect by Penal Code, §§ 321-325, fixing penalties at fines not exceeding \$10,000 and imprisonment not exceeding five years, or both, and for domestic corporations, forfeiture of all property and franchises, and for foreign corporations, all right to do business in the State. Labor unions excluded from these provisions. *Id.*, § 325; *McGinniss v. Mining Co.*, 29 Mont. 428.

NEBRASKA

1. Corporation Laws.*

Constitution. (1875.) No local or special laws granting any special or exclusive privileges, immunities or franchises shall be passed. Art. III, § 15. No corporation shall be created for business purposes by special law. Art. XIII, § 1. Stockholders are liable to extent of unpaid subscriptions, and such liability follows the stock. Id., § 4. Cumulative voting and the right to vote by proxy are prescribed. Id., § 5. Foreign corporations are prohibited from exercising the right of eminent domain. Art. XI, § 8.

Statutes. The general corporation law of Nebraska is contained in the Compiled Statutes of 1903, Chapter 16. Under its provisions corporations may be formed for any lawful business. Banks, building and loan associations, safe deposit and trust companies, railways, street railways, fidelity and guaranty companies are subject to special regulations.

2. Taxes and Fees.

Organization Expenses. To Secretary of State on filing articles of incorporation: On capitalization not exceeding \$100,000, \$10; on each \$1,000 in excess of \$100,000, 10 cents additional. § 5905. For recording articles of incorporation, 10 cents per folio of 100 words. Certified copies, 15 cents per folio.

To County Clerk: Recording fee, 75 cents for first 200 words and 1 cent for each 10 words thereafter. Copies, 10 cents per folio. Certificate with seal, 25 cents. § 3496. Fee includes cost of one duplicate. 29 Neb. 113.

Cost of publication of notice of incorporation in newspaper for four weeks is also incurred. (See "Certificates," under § 4.)

Franchise Tax. None imposed.

Local Taxation. Capital stock and franchise to be listed and taxed where principal office is located, or if the corporation has no principal office, at the place where it transacts business. § 4950.

General. Fee for filing certificates of increase of capital stock, \$5 and 10 cents for each \$1,000 increase over original capitalization;

* References are to the Compiled Statutes of Nebraska (1903), except as otherwise noted.

for filing decreases in capital, decree changing name, or other amendments to articles of incorporation, \$5. Recording fee, 10 cents per folio. § 5905.

3. Incorporation.

Incorporators. May be any number. No residential requirements. § 2081.

Articles of Incorporation. Must be signed and acknowledged by each of the incorporators and should set forth (§§ 1971, 2088; also charter form supplied by Secretary of State):

- (1) Name. No restrictions.
- (2) Location of principal office. Must be within State.
- (3) General nature of business to be transacted.
- (4) Amount of capital stock, time and conditions of payment and amount of each share. Capitalization may be for any amount and in shares of any par value.
- (5) Time of commencement and termination of corporation. Duration may be perpetual.
- (6) Highest amount of indebtedness which may be carried, not exceeding two-thirds of the par value of the capital stock. § 2085; *Abbott v. Omaha Smelting Co.*, 4 Neb. 421.
- (7) Designation of officers by whom business is to be managed, and time of their election. The board of directors should be specified as the managing body.
- (8) Any provisions as to amendment of articles.

Filing and Recording. The articles of incorporation must be filed and recorded with the Secretary of State and with the clerk of the county where principal office is located. The organization and filing fees must be paid before the charter will be filed. § 2102.

4. Organization.

First Meetings. Stockholders' meeting for the purpose of adopting by-laws and electing directors must be held within State within one year after incorporation. § 2086. No provisions as to first meeting of directors.

By-Laws. Corporation may adopt by-laws not inconsistent with law. § 2082. Copy to be posted in conspicuous place in offices of corporation open to public inspection. § 2092.

Certificates. Within four months after filing articles in county clerk's office, a notice must be published for four weeks in some newspaper near principal place of business, containing: (1) Name of the

corporation; (2) principal place of business; (3) general nature of business; (4) amount of capital stock and conditions for payment; (5) time for commencing and terminating business; (6) highest amount of indebtedness which may be incurred; (7) by what officers its affairs are to be managed. Not necessary to wait till publication is completed before beginning business. § 2089.

5. Corporate Existence.

When Commenced. On filing articles of incorporation and paying organization tax. § 2083. May be perpetual. § 2088.

Beginning Business. May be commenced as soon as articles have been fully filed and recorded and statutory publication of organization has begun. § 2089. Must be commenced within one year or charter is forfeited. § 2086. Articles must be filed with clerk of county where principal office is located. § 2084. Manufacturing corporation may not commence business until 10 per cent. of stock is subscribed. § 1973.

Renewal. No provision except for companies erecting public improvements. §§ 1991-2. Original articles may provide for perpetual existence. § 2088.

Forfeiture of Charter. Corporate powers cease on failure to organize within one year after incorporation. § 2086. Any violation of corporation law is ground for forfeiture. § 2100.

Dissolution. May be effected with consent of two-thirds of stockholders, recorded on minutes. § 2091. Unless other persons are appointed by court or legislature, directors or managers act as trustees after dissolution, with full power to settle affairs subject to control of court of chancery. §§ 1996-2005. Corporations whose charters expire or are relinquished continue for the purpose of closing up business. § 2101.

6. Corporate Powers.

General. The usual powers are enumerated. § 2082.

To Hold Property. May hold such personalty or real estate as is necessary to its legitimate business. § 2082.

Its Own Stock. No statutory provisions. But a corporation when not prohibited by its articles may buy and sell its own stock if in good faith. *Fremont Co. v. Thomsen*, 65 Neb. 370.

Stock of Other Corporations. Railroad may subscribe to stock of another road to facilitate connections. § 2028. No express power granted to corporations in general to hold stock. See *Anti-Trust Law*, L. 1905, Ch. 162.

To Borrow Money. Indebtedness may not exceed two-thirds of the par value of capital stock. § 2085. Is to be limited in articles of incorporation. *Id.*

To Do Business in Other States. No express provision. Power is implied.

Consolidation or Merger. Consolidation of railroads owning competing lines prohibited. Const., Art. XI, § 3. Connecting railroads of same gauge may consolidate. § 2023. Other corporations may merge if they do not violate anti-trust act. L. 1905, Ch. 162.

Amendment of Charter. Amendment may be provided for in articles. Every amendment must be recorded and published in same manner as original articles. § 2090. Without special provision in the articles, the corporate name may be changed (§ 5905), capital stock may be increased or decreased, or par value of shares changed, by majority action of the stockholders. § 1990.

7. Capital Stock.

Amount. No limitations.

Initial Payment. No requirements. Articles of incorporation should provide how capital is to be paid in. § 2088. Of manufacturing companies, 10 per cent. must be subscribed. § 1973.

Consideration for Issue. No provision. Subscriptions of manufacturing companies may be enforced as soon as 10 per cent. of the stock has been subscribed. § 1973; Troup v. Horback, 53 Neb. 795; Penfield v. Co., 57 Neb. 231.

Increase or Decrease. Capital may be increased or decreased by action of a majority of the stockholders. Directors may decrease stock or reduce nominal value of shares upon written consent of majority of stockholders, provided creditors' rights are not impaired. § 1990.

Classes of Stock. No provision.

Par Value of Shares. No restrictions.

Stock Certificates. No statutory provisions.

Transfer of Stock. By-laws should regulate stock transfers. § 2082.

8. Stockholders.

Rights and Powers. Stockholders make by-laws and elect directors. Decrease in capital stock or in value of shares must be authorized by majority. § 1990.

Liability. Original stockholders are liable to creditors to amount of unpaid subscriptions; liability follows stock into hands of subsequent holders. § 2093. If annual notice of indebtedness is not published or there is defective incorporation, stockholders are liable to amount of stock. § 2096.

Meetings. Articles or by-laws may designate time for elections. § 2088. But annual meeting of manufacturing corporations must be held on first Monday in January. § 1972. On failure to elect officers at annual meeting, special election may be held. Manufacturing corporations must give thirty days' notice by publication of special election. *Id.* Voting by proxy and cumulative voting is prescribed. Const., Art. XII, § 5. Other details of meetings are to be provided for by by-laws. But a majority of all the shares is necessary to a valid election in the absence of some rule to the contrary. *Haskell v. Read*, 93 N. W. 997.

9. Directors.

General. Directors hold office until their successors are chosen, or, prior thereto, in manufacturing corporation, until they cease to be stockholders. § 1972.

Number. Not prescribed.

Qualifications. No residential requirements. Directors of manufacturing corporation must be stockholders. § 1972.

Powers. General power of management according to provisions of by-laws. Usual powers of directors of manufacturing corporations are enumerated. § 1972. Directors continue as trustees after dissolution with full power to settle corporate affairs, subject to control of court of chancery. §§ 1996-2005.

Liability. Deception as to assets or liabilities or illegal declaration of dividend, subjects those responsible to fine not exceeding \$500 and double damages. §§ 2098, 5260.

Meetings. No statutory provisions. Should be provided for in by-laws.

Executive Committee. May be provided for in articles of incorporation.

10. Officers.

Articles or by-laws may designate officers. § 2088. Directors of manufacturing corporation to choose one of their number as president and elect any other proper officers. § 1972.

Officers are responsible for deception as to assets or liabilities, and are liable therefor to \$500 fine and double damages. § 2098.

11. Principal Office.

Office must be maintained in the State. § 2088.

12. Corporate Books.

Manufacturing corporation must keep stock and account books at principal place of business within State, which must be open to

inspection of stockholders. § 1972. No provisions as to books of other corporations.

13. Reports.

Annual report of liabilities signed by president and majority of directors must be published in newspaper in county where principal business is transacted. § 2093. Failure so to do renders stockholders liable for corporate debts to amount of stock.

Statements may be required by any stockholder of the condition and amount of business.

14. Foreign Corporations.

How Authorized to Do Business. Foreign corporations before doing business in the State must file a true copy of charter with Secretary of State, together with certified copy of resolution of board of directors accepting provisions of corporation act. § 2229. Filing and recording fees same as for domestic corporation.

Also from and after June 30th, 1906, they must, on or before September 15th of each year, file a statement in office of Attorney General, signed and sworn to by the president, treasurer, general manager and a majority of the directors of the corporation, showing for the year ending June 30th: (a) Capital stock; (b) market value of same; (c) payments thereon in cash and in other values; (d) names of officers, managing agents and directors; (e) amounts, rates and times of dividends; (f) number and par value of stock of other corporations held directly or indirectly by it, or in which it is in any way interested; also amount and value of its stock held by other corporations. L. 1905, Ch. 162, § 4.

Also they must, on or before June 30th, 1906, file with the Attorney General an undertaking signed by the same officials that they will comply with the provisions of the laws in regard to corporations and accepting the provisions and liabilities of the act as long as they remain in office. A similar undertaking must thereafter be filed within ten days of the election of officers and directors. *Id.*

Also all books and records shall be subject to inspection of Attorney General or his agents, and such further returns must be made as he may prescribe. L. 1905, Ch. 162, § 5.

Penalties for Non-Compliance. Can not do business or hold real property in State. § 4825; L. 1905, Ch. 162, §§ 10-13.

Taxation. Same as for domestic corporations.

Books. No requirements except for manufacturing corporations, which must keep same books as domestic corporations.

Reports. None required except anti-trust statements. L. 1905, Ch. 162.

Attachments Against. Same as against non-residents. §§ 6741, 6743.

15. Combinations and Monopolies.

Contracts, combinations, monopolies or conspiracies in restraint of trade or monopolizing any part of the trade or commerce within the State, are declared illegal and the persons involved guilty of a misdemeanor, punishable by fine not exceeding \$5,000 or by imprisonment not exceeding one year, or both (L. 1905, Ch. 162, § 12), and property owned under any such contract, or combination, or pursuant to any such conspiracy (and being the subject thereof) shall be forfeited to the State. Id., § 3.

Non-resident corporations may not control domestic corporations. Id., § 7.

NEVADA.

1. Corporation Laws.*

Constitution. (1864.) Corporations, except municipal, not to be formed by special laws. Art. VIII, § 1. Taxation to be same as of persons. Id., § 2. Corporators not liable for debts of the corporation. Id., § 3. State ownership or interest in any corporation except formed for charitable or educational purposes forbidden. Id., § 9. County and municipal ownership or interest forbidden except in railroad corporations. Id., § 10.

Statutes. The general corporation law is found in Chapter 88 of the Laws of 1903, as amended by the Laws of 1905, Chapter 51. Railroad, telegraph and telephone companies are subject to the provisions of §§ 971-1077 of the Compiled Laws of 1900, while §§ 897-901 provide for foreign corporations (L. 1905, Ch. 72), and §§ 902-968 relate to insurance, gas and surety companies.

Under the general law corporations may be formed for any lawful business or object except banking, insurance and surety companies and railroads to do business within the State. §§ 1, 8.

2. Taxes and Fees.

Organization Expenses. To Secretary of State: For articles of incorporation, 10 cents for each \$1,000 of authorized capital stock; minimum fee, \$10. § 102. For certifying copy of articles when copy is furnished, \$2. For filing certificate of incorporation, \$5; issuing certificates under seal, \$5; for recording, 40 cents per folio. C. L., § 1938.

Fees to County Clerk vary from 15 to 25 cents per folio for filing, 20 to 30 cents for recording, and 50 cents to \$1 for certificates, the smaller fee being charged in counties polling over 800 votes. C. L., §§ 2458, 2470.

Franchise Tax. None imposed.

Local Taxation. Mines and mining claims are exempt, but not proceeds of the mines. C. L., §§ 1081, 1147-1152. Capital stock is not assessed to the owner when it represents property which is taxed. Id., § 1089. Returns of all real and personal property are made to county assessor before first Monday in September. Id., §§ 1084-1086.

* References, when not otherwise specified, are to the Laws of 1903, Chapter 88. "C. L." refers to Compiled Laws of 1900.

General. To Secretary of State: On increase of stock, 10 cents for each \$1,000 of total authorized increase; minimum fee, \$10; on consolidation, same fees on all excess beyond aggregate stock of constituent companies; on extension of corporate existence, one-half of the original incorporation fees; for certificates of dissolution or any amendments, \$10; for filing list of directors and officers and name of agent in charge of principal office, \$1; for certifying to authorized printed copy of general corporation law as compiled by the Secretary of State, \$2; any other certificate, \$5. § 102; L. 1905, Ch. 51.

3. Incorporation.

Incorporators. Must be not less than three. § 1. They are not liable for corporate debts. Const., Art. VIII, § 3.

Articles or Certificate of Incorporation. Must be signed and acknowledged by all of the incorporators (§ 3), and must set forth (§ 4; L. 1905, Ch. 51):

(1) Name, which must end with the word "incorporated" or contain the word "association," "company," "corporation," "club," "society" or "syndicate." May not be similar to that of another domestic corporation or to that of any foreign corporation engaged in the same business in the State. Must be conspicuously displayed on office, stock certificates, etc., under penalty of fine and forfeiture of charter. § 16; L. 1905, Ch. 51.

(2) Location of principal office or place of business in the State, giving county, city or town, and street and number, if practicable, or describing it so as to be easily located. The Secretary of State may not issue a certificate until such location is marked and established.

(3) Nature of the business or objects for which it is formed.

(4) Capital stock, to be not less than \$2,000; the number of shares and the par value of each; the amount of subscribed stock with which to commence business, to be not less than \$1,000; the amount subscribed and the amount paid up, if any; if there be more than one class of stock, a description of each class with the terms on which it is to be issued, the amount subscribed of each class and amount paid thereof. Shares of stock may be of any desired par value.

(5) Name of each of the original subscribers to the capital stock and amount subscribed by each.

(6) Period, if any, limited for its existence. May be perpetual. § 7.

(7) Number of the governing board, which shall not be less than three, and whether its members shall be styled directors or trustees.

(8) Whether or not full paid capital stock shall be subject to assessment for corporate debts. This liability can

not be imposed by subsequent amendment but must be inserted in original articles, if desired.

(9) Any provision which the incorporators choose to insert for the regulation of business or conduct of the affairs of the corporation, or defining, limiting and regulating the powers of the corporation, its directors or stockholders, or classes of stockholders or bondholders, or governing the distribution of profits of the corporation. § 4; L. 1905, Ch. 51.

Filing and Recording. The articles of incorporation are filed and recorded in the office of the clerk of the county in which the principal place of business is intended to be located, and a copy, certified by said clerk under the county seal, is filed in the office of the Secretary of State (§ 3), who thereupon, if the proper fees have been paid, issues a certificate that a copy of the articles containing the required statement of facts has been filed in his office. § 5. Certified copies of the articles must also be filed in every county in which the company holds property or transacts business or to which its office may be removed. §§ 69, 70.

4. Organization.

First Meetings. The first meeting of stockholders may be held within or without the State, on notice signed by a majority of the incorporators, published at least two weeks before the meeting at least three times in a newspaper of the county where principal place of business is located, or on two days' notice given personally to all parties named in the articles and all stockholders. If all waive notice in writing the meeting may be held without notice. § 12. At this first meeting by-laws are adopted—unless this power has been delegated to the directors (§ 21)—and directors or trustees are elected. § 13. Officers are elected by the stockholders or the directors as may be prescribed by the articles or by-laws.

No special provisions as to first meetings of directors.

By-Laws. Are to be made by stockholders unless this power has been delegated to the directors by the original or amended articles of incorporation, or by vote or written assent of two-thirds of the stock. § 21. They always remain subject to amendment of the stockholders by a like vote or consent. *Id.* The by-laws may fix the number of directors or trustees, provide for their election, removal or change of number, for management of property, regulation and government of its affairs, certification and transfer of stock, and may provide suitable penalties for breach thereof, not exceeding \$25 in any one case. § 7. The by-laws are not effective until copied in a "Book of By-Laws," which must be kept at the principal office for inspection. § 21.

Certificates. None required to show completed organization.

5. Corporate Existence.

When Commenced. On issuance of certificate of incorporation by Secretary of State. § 5. May be perpetual unless limited in the

articles of incorporation. § 7. Continues one year after expiration or dissolution for the purpose of closing up business, and this period may be continued two years longer by resolution or written consent of a majority of the stockholders filed with the Secretary of State. § 90. It can not be attacked collaterally. § 52.

Beginning Business. May not be commenced until the amount of the capital stock required for that purpose in the articles of incorporation has been subscribed. § 4. This amount must not be less than \$1,000. Id. Business must be commenced within two years after incorporation. § 51.

Renewal. At any time before the expiration of the period limited for its existence, a corporation may procure a renewal of its charter for any period. Procedure prescribed. §§ 107, 108.

Forfeiture of Charter. Occurs on failure to commence business in good faith within two years after incorporation. § 51. Failure for ninety days to maintain office in State in charge of competent agent or to keep corporate name conspicuously displayed at such office, renders charter void. § 16, as amended by L. 1905, Ch. 51. Quo warranto may be brought by district attorney of county for acts *ultra vires*. C. L., § 3783.

Dissolution. Voluntary dissolution is provided for by consent of two-thirds in interest of the stock or each class of stock and two-thirds in interest of creditors entitled to vote; or by written consent of nine-tenths in interest of each. Certificate of proceedings, giving names and residences of directors and officers, verified by the president, secretary and treasurer, must be filed with the Secretary of State, who issues certificate of dissolution. § 89. Involuntary dissolution and receivership are provided for. §§ 93-98.

6. Corporate Powers.

General. Liberal powers are enumerated. § 7. Banking powers are absolutely denied to corporations formed under the general act. § 8.

To Hold Property. May be held without limitation. § 7.

Its Own Stock. This is expressly permitted in case of stock sold for non-payment of assessments and for which no other bidder can be found. Such stock is held at the disposal of the remaining stockholders (§ 30), but may not in any way be voted. § 62.

Stock of Other Corporations. This power is fully given. §§ 101, 110.

To Borrow Money. This power is fully given. § 7. By two-thirds vote of stock, bonds may be issued, and board of directors may make them convertible into common stock. § 36. Bondholders may be given the right to vote and to inspect books. § 11.

To Do Business in Other States. This is fully permitted, even to lines of activity not allowed under the general act within the

State, provided such corporations do not thereby violate the laws of the state or country in which their operations are to be conducted. §§ 2, 7.

Consolidation or Merger. Is permitted without restriction. Requires assenting vote of two-thirds of each class of stock or voters. §§ 43, 44. Minority stockholders have usual rights. §§ 45, 46, 48.

Amendment of Charter. Corporation may change its name or the nature of its business, increase or decrease its capital stock, change the par value of shares, change the location of its principal office in the State, extend its corporate existence, change the number of its directors or trustees, classify stock, and make such other amendment as may be desired, by resolution of the directors ratified by two-thirds vote of each class of stock and of all others having voting power, at a stockholders' meeting called on ten days' notice personally or by mail. Certificate under corporate seal, acknowledged by the president and secretary and written assent of such voters, must be filed with the Secretary of State and certified copy with clerk of county where principal office is located. § 40. Amendment may not be had to extend stockholders' liability beyond unpaid subscriptions on their stock. § 4, sub. 8.

7. Capital Stock.

Amount. Is to be stated in articles of incorporation. Must be at least \$2,000. § 4.

Initial Payment. At least \$1,000 must be actually subscribed before business can be commenced, amount to be stated in articles of incorporation. § 4. Actual payment thereof is not prescribed as a prerequisite to beginning business.

Consideration for Issue. Stock may be issued for labor done or for personal property, real estate or leases thereof; and in the absence of fraud in the transaction the judgment of the directors as to the value is conclusive. § 54. But it shall be the duty of the corporation to have its minutes or other permanent records show with reasonable detail the items and character of property, labor or services, for which any stock or bonds were issued. § 55. All stock so sold or so issued shall be fully paid and not liable to any further call or assessment, and it shall so be stated on the certificate. § 55. But by proper provision in the original articles of incorporation, full paid stock may be made liable for corporate debts. § 4.

Manner of payment of subscriptions may be prescribed in by-laws. If not so provided, the directors may demand payment at discretion. Notice of assessment must be given personally or by publication once a week for four weeks in a newspaper in the county of the principal office and in the county where the corporate property is located if in the State, and if no such newspapers, then in newspaper published nearest to the principal place of business. Sale on default is to be made at the office of the company at public auction after four weeks' similar notice. §§ 28, 29.

Increase or Decrease. Of capital stock may be had by regular amendment of articles of incorporation. § 40. The certificate of decrease must be published at least once a week for three successive weeks in a newspaper published in the county where the principal office is located, the first publication to be made within fifteen days after filing the same, on penalty of personal liability. § 42.

Classes of Stock. May be provided for in articles of incorporation (§§ 4, 40), but at no time must the preferred stock exceed two-thirds of the capital stock paid for in cash or property. § 10. Preferred dividends shall not exceed 10 per cent. per annum and must be cumulative. § 10. Preferred stock may be made subject to redemption at not less than par at any time after three years from the date of issue (§ 10), and if it has received dividends exceeding seven per cent. a year, it may be converted into ten-year seven per cent. bonds. § 36.

Par Value of Shares. Not prescribed, but must be stated in articles of incorporation. § 4. May be changed by regular amendment. § 40. May be changed without changing amount of stock, by majority vote of the trustees. § 67.

Stock Certificates. Must be issued to each stockholder under the corporate seal, signed by the president or vice-president, and by the treasurer or secretary, certifying the total amount of capital stock authorized, the total number of shares, their par value, the number of shares represented by the certificate and whether fully paid up and non-assessable or not. They must also give location of principal office and name of resident agent. § 56; L. 1905, Ch. 51.

Transfer of Stock. May be made by endorsement and delivery of certificates, but is not valid except as between the parties until it has been entered on the books of the corporation with surrender and cancellation of old certificate. § 27.

8. Stockholders.

Rights and Powers. They control amendments, consolidation and dissolution by two-thirds vote. § 40. Any stockholder may compel meetings on application to court. § 26. They may remove directors by two-thirds vote or written consent. § 78. On petition of stockholders owning a majority of the stock, officers or directors may be removed in court on certain prescribed procedure. §§ 79-82.

Liability. Is limited to unpaid subscriptions unless further liability is imposed by original articles of incorporation. § 4. No suit can be brought to enforce this liability until after judgment and execution returned unsatisfied against the corporation. § 31. Liabilities created by statutes of other states can not be enforced against stockholders, directors or officers of Nevada corporations. § 33. For non-compliance with law in respect to reduction of capital stock, stockholders are liable for such sums as they receive respectively of the amount reduced. § 42.

Meetings. Stockholders' meetings may be held without the State if the by-laws so provide, but unless so provided, they must be held at the principal office in the State. § 14. Meetings may be ordered by court on petition of any stockholder. § 26.

Notice. May be prescribed by by-laws. By-laws may provide for waiver of notice by presence of all the stockholders at any meeting or by written consent entered on the minutes. § 111.

Quorum. No provisions. May be prescribed by articles or by-laws.

Voting. Unless otherwise provided in the articles or by-laws, every stockholder has one vote for each share of stock; but no stock may be voted on at any election which has been transferred on the books of the company within twenty days before such election. § 58. Fractions of shares can not be voted. § 17. All elections shall be by ballot unless otherwise provided by the articles or by-laws. § 18. Cumulative voting is directed unless otherwise prescribed in certificate of incorporation. § 20. Bondholders and secured creditors may be allowed to vote by provision of articles of incorporation. § 11.

Proxies. Or powers of attorney, must be in writing and filed with the secretary. §§ 17, 111.

9. Directors.

Number. Must not be less than three. § 4. Otherwise it may be fixed or altered by the by-laws. § 7. It is originally stated in articles of incorporation. § 4.

Qualifications. They must take and subscribe an oath as prescribed by the laws of the State to perform their duties faithfully and observe and maintain the respect due said laws. § 19. If a majority of the directors fail to qualify after election, a new meeting of the stockholders may be called by one-third thereof to fill vacancies. If a majority of the directors have qualified, they may fill the vacancies caused by a minority failing to qualify. § 24.

Powers. The making and amending of by-laws may be delegated to them in the articles, or by two-thirds of the stock assenting by vote or in writing. § 21. They continue as trustees on dissolution or expiration. § 91.

Liability. For failure to publish certificate of any decrease of capital stock as prescribed, the directors are liable for corporate debts contracted before filing the same. § 42. For making dividends except from net profits, or reducing capital stock except as provided by law, the directors, unless dissenting on the minutes, are jointly and severally liable to the corporation and its creditors to the extent of such payment. § 68.

Meetings. May be held within or without the State, on notice to be prescribed by by-laws. The by-laws may also provide that any action by majority without regularly called meeting shall be valid when such act is afterwards assented to in writing by all the other members of the board. § 23. Waiver of notice is provided for and may be made orally and entered on the minutes. § 111. A majority

is required for a quorum. § 23. Vacancies among the directors may be filled by board unless by-laws provide otherwise. § 25.

Executive Committee. Is provided for with full powers. § 23.

10. Officers.

General. A president, secretary and treasurer are prescribed, to be elected by the directors or stockholders, as the by-laws direct. The president must be a director, and the secretary must be sworn and is charged with recording the acts and votes of the corporation, its stockholders and directors, etc. The treasurer must give bond as required by by-laws. § 22.

The corporate agent within the State may be a bank or other corporation, and shall have authority: (1) To act as fiscal or transfer agent in the State and as such to receive and disburse money. (2) To transfer, register and countersign certificates of stock, bonds, etc. (3) To act as trustee under mortgage, etc. (4) To receive and manage any sinking fund, etc. § 15.

Liability. For making false statements, entries, accounts, etc., any officer or director is guilty of a misdemeanor and is liable for damages and fines. §§ 73-77. (See under § 9, "Liability.")

11. Principal Office.

Must be maintained in the State with a resident agent in charge. Stockholders' meetings must be held therein unless otherwise provided by the by-laws. § 14. The place for holding annual meetings must not be changed within sixty days next before such meeting, and thirty days' notice, personally or by mail, must be given each stockholder. § 13.

The corporate name must be conspicuously painted or printed on its principal office and on its principal place or places of business, on penalty of fine of not less than \$100 nor more than \$500. § 16; L. 1905, Ch. 51.

12. Corporate Books.

What Required. A stock ledger is prescribed. §§ 14, 71. Also a book of by-laws. § 21. The stock transfer book must show the names of the parties by and to whom transferred, number or designation of shares and date of transfer. § 27. A list of stockholders must be prepared at least ten days before elections for examination of stockholders. § 58.

Where Kept. The original or duplicate stock ledger, and a copy of the articles of incorporation, of all amendments thereof, and copy of all by-laws must be kept by the corporate agent at the principal office in the State. §§ 14, 22, 58, 71.

Examination of. The stock ledger, incorporation papers and by-laws are for the use and examination of parties interested and entitled thereto. §§ 14, 58. Stock ledger to be open for inspection of stock-

holders and voting creditors during business hours, and they may demand sworn copies on payment of expenses. § 71. Information to be furnished to creditors of stockholders on affidavit to the fact that they are such creditors. § 72.

13. Reports.

Any election, removal of directors, or other change in the board of directors must be reported to the Secretary of State by statement signed and verified by the president and secretary, giving names of all the directors or trustees and officers with date of appointment; term of office; residence and post-office address of each; character of business of each; exact location of principal office in State, and name of resident agent in charge thereof and on whom process may be served. On failure to file certificate for thirty days, corporation forfeits \$100 to the State. § 85; L. 1905, Ch. 51.

Mining corporations are taxed on the product of the mines and must furnish special statements to assessor. C. L., § 1150.

Publication is required of various notices, but it is expressly provided that all notices may be waived. § 111. Certificate of decrease of capital stock is to be published three weeks. § 42. Notices of assessments on stock and of sale on default are to be published four weeks. §§ 28, 29.

14. Foreign Corporations.

How Authorized to Do Business. Every foreign corporation must file a duly authenticated copy of its certificate of incorporation in the county recorder's office of every county in which it is carrying on business, together with a duly certified list of its officers. C. L., § 897. Such corporation, owning property or doing business in the State, must also appoint an agent on whom process may be served, and file a duly authenticated certificate by the proper corporate officers with the Secretary of State, specifying full name and residence of such agent. Id., § 899. Fees for filing copy of charter and statement and issuing certificate of authority to transact business, \$10. § 102. Appointment of agent, \$5. C. L., § 1938.

Penalties for Non-Compliance. Agents or officers are guilty of misdemeanor, punishable by fine of from \$50 to \$500 and imprisonment not to exceed six months. C. L., § 898. On failure to appoint agent, or file certificate of such appointment for fifteen days, process against such foreign corporation may be served on Secretary of State or his deputy. Id., § 901; L. 1905, Ch. 72.

Taxation. A retaliatory provision exists for taxation of foreign corporations, in addition to any other taxes imposed. § 106.

Books. No specific statutory requirements.

Reports. Same certificates of directors, officers, principal office and agent is required as of domestic corporations. § 85. Fee, \$1. § 102. All foreign corporations doing business in the State of Nevada must publish a statement of the business of the preceding year for

one week in January of each year in a daily newspaper of the State, and a copy is to be filed by the secretary with the several assessors of the State, on penalty of fine of \$100 for each month of continued default. L. 1901, Ch. 108.

Attachments Against. No special provisions.

15. Combinations and Monopolies.

Are not provided against by law.

NEW HAMPSHIRE.

1. Corporation Laws.*

Constitution. (1784, as amended to 1905.) No town shall be authorized to loan its credit, directly or indirectly, to a corporation for profit, nor to aid the same by taking its stock or bonds. Part. II, Art. 5.

Statutes. The general corporation law is found in the Public Statutes of 1900, Title 20, Chapters 147 to 151 inclusive, with amendments of L. 1901, Chs. 9, 66, 68 and L. 1905, Chs. 61, 70, 111. Title 21 treats of railroads; Title 22 of banks; Title 23 of insurance, and Title 10 of highways, bridges, sewers, ferries, and telegraph and telephone and electric light companies. The banking law provides for trust, savings and building and loan associations, etc.

Under the general law corporations may be formed for any lawful purpose except banking, insurance and railroads (Ch. 147, § 1), or trading stamp companies. L. 1905, Ch. 70. Corporations are also chartered by special act of legislature.

2. Taxes and Fees.

Organization Expenses. To State Treasurer on recording articles of association: \$50 if the corporation is to carry on its business or have its principal office within the State. Ch. 14, § 5. Corporations for profit, to carry on their business and have principal offices without the State, pay on capital stock not exceeding \$25,000, \$10; over \$25,000 and not exceeding \$100,000, \$25; over \$100,000 and not exceeding \$500,000, \$50; over \$500,000 and not exceeding \$1,000,000, \$100; when it exceeds \$1,000,000, \$200. Ch. 14, §§ 6, 8.

To Secretary of State, for recording, 75 cents per page of 240 words; for certificate and seal, 50 cents. To Town Clerk for recording, 17 cents per page of 224 words. Ch. 287, §§ 26, 29.

Franchise Tax. None imposed.

Local Taxation. Stock is not taxed when the property it represents is taxed, either in this or in other States. Ch. 55, §§ 7-10.

General. On renewal of corporate existence or on increase of capital stock, same fees are paid as on original incorporation, the fees in the latter case being on the increase of stock. For amendments, \$25. Ch. 14, §§ 5, 6.

* References are to Public Statutes of 1900, except as otherwise noted.

3. Incorporation.

Incorporators. Must be five or more persons of lawful age. Ch. 147, § 1. For any fraud or illegality in incorporation they are liable as partners. Ch. 14, § 9.

Articles of Association. Must be signed and acknowledged by the incorporators, and must set forth (Ch. 147, § 2):

(1) Name of the corporation. Must be one which is not in use in the State by another corporation. Ch. 147, § 3. May be changed by amendment. Id., § 4.

(2) Object for which it is established.

(3) Place in which business is to be carried on.

(4) Amount of its capital stock and amount to be paid in. Amount of capital stock must not be less than \$1,000 nor more than \$1,000,000. Ch. 147, § 6.

(5) Time of first meeting of incorporators. Ch. 148, § 4.

(6) Signatures and post-office addresses of the incorporators.

Filing and Recording. The articles of association must be recorded in the office of the clerk of the town in which the business is to be carried on and in the office of the Secretary of State. Ch. 147, § 4.

4. Organization.

First Meetings. Of stockholders may be called by any three incorporators by seven days' notice personally or by mail. Notice may be waived if all are present or have agreed in writing on time and place. Ch. 148, § 4. A temporary clerk must be chosen and sworn. Id., § 5. A president may be chosen by the incorporators. Ch. 149, § 4.

By-Laws. May be adopted at first meeting. Ch. 148, § 5. They may provide for election, removal, and retiring of members; fix times and places of holding meetings and manner of calling and conducting them; regulate the number of officers, manner of election, tenure of office and their powers and duties. Ch. 148, § 6. As to by-laws governing assessments on capital stock, see *Ass'n v. Borrowe*, 71 N. H. 69 (1903).

Certificates. None required to show completed organization.

5. Corporate Existence.

When Commenced. On recording of articles and payment of fees (Ch. 147, § 4), and is perpetual unless limited by charter. Ch. 148, § 3. Continues three years after expiration, annulment or disso-

lution to wind up affairs. Ch. 148, § 18. State alone can enforce a forfeiture, and the question can not be raised collaterally. *S. F. Bridge v. Fisk & Norcross*, 23 N. H. 171 (1854).

Beginning Business. May be commenced forthwith and must be commenced within three years. Ch. 149, § 2.

Renewal. No statutory provisions, the law contemplating perpetual existence. It may be effected by re-incorporation. Ch. 14, § 5.

Forfeiture of Charter. Occurs if organization is not effected within three years from date of incorporation. Ch. 149, § 2. For falsely pretending to carry on business in the State or have a principal office there to avoid payment of charter fees, the incorporation is declared void. Ch. 14, §§ 8-10.

Dissolution. One-fourth of the stock may apply to the Supreme Court for dissolution. Ch. 148, § 22; Ch. 147, § 10. An attested copy of the decree of dissolution is filed with the Secretary of State. Records of the dissolved corporation must be lodged with the Secretary of State within thirty days after its affairs are closed up. Ch. 147, §§ 11, 12.

6. Corporate Powers.

General. General powers are enumerated. Ch. 148, § 3.

To Hold Property. The property that may be held is limited to that necessary for the authorized corporate operations, not to exceed the amount limited by charter or statute. Any property in excess of this taken in payment of debts must be sold within five years after title thereto is perfected. Ch. 148, §§ 8, 9.

Its Own Stock. No provisions.

Stock of Other Corporations. No provisions or decisions.

To Borrow Money. Corporate debts or liabilities may not exceed one-half the value of the corporate property. Ch. 150, § 4. Mortgage of after acquired property and franchises is authorized. L. 1901, Ch. 66; L. 1905, Chs. 61, 111.

To Do Business in Other States. A special incorporation fee is required for corporations organized in the State to carry on business and have their principal offices without the State; and for falsely pretending to carry on business or have principal office in the State for the purpose of avoiding this fee, the incorporation is declared void. Ch. 14, §§ 6, 8.

Consolidation or Merger. No statutory provision.

Amendment of Charter. May be had to change corporate name, increase or decrease capital stock or amend in other respects, by majority vote at a meeting duly called for that purpose, a certified copy of vote to be recorded in the office of the Secretary of State and with the clerk of the city or town where the principal place of business of the corporation is located. Ch. 147, § 5.

7. Capital Stock.

Amount. Must be not less than \$1,000 and not more than \$1,000,000. Ch. 147, § 6.

Initial Payment. Is not prescribed.

Consideration for Issue. No corporation shall sell its capital stock at less than the par value, except at auction for non-payment of assessments (Ch. 149, § 9), and no note or obligation given by a stockholder, whether secured by pledge or otherwise shall be considered as payment of any part of the capital stock. Ch. 150, § 9. Certificate of full payment of the capital stock, signed by the treasurer and a majority of the directors, must be filed and recorded with the clerk of the city or town where the corporation has its principal place of business (Id., §§ 8, 14), or if it has no such place of business in the State, then with the Secretary of State. Id., § 15.

Assessments may be made or fixed by the incorporators at the first meeting or at subsequent meetings, or they may be made by the directors. Ch. 149, § 16. After default in payment for thirty days, shares may be sold at auction (Id., § 17) by notice published in newspaper printed in the vicinity of the corporate office. Id., § 18.

Increase or Decrease. May be effected by regular amendment. stock. Ch. 147, § 5. An attested copy of the vote authorizing increase or decrease must be recorded in the office of the clerk of the town in which the corporate business is carried on and in the office of the Secretary of State. Ch. 147, § 7.

Classes of Stock. Are authorized but without special regulations. Ch. 149, § 8.

Par Value of Shares. Must not be less than \$25 (Ch. 149, § 5) nor more than \$500. Ch. 147, § 6. May be changed within these limits without changing amount of capital stock. Ch. 149, § 7.

Stock Certificates. Every stockholder is entitled to a certificate signed by the treasurer or cashier and such other officer as the by-laws may prescribe. No certificate is to be issued until its par value has been paid. Ch. 149, § 10.

Transfer of Stock. A record of the names and residences of stockholders is kept by the town clerk until certificate of full payment of capital stock has been filed (Ch. 150, § 10), and any person transferring his stock must cause to be filed and recorded by such town clerk, a certificate of the transfer, with the names and residences of the persons to whom sold, signed by the treasurer or clerk of the corporation. Id., § 11. Transfers of full paid stock may be made by endorsement, but the purchaser is entitled to new certificate. Ch. 149, §§ 13, 14. No corporation may make by-laws restraining the free sale of shares of stock. Ch. 149, § 15.

8. Stockholders.

Rights and Powers. A majority controls amendments. Ch. 147, § 5. One-fourth of the stock may dissolve corporation by petition to court. Ch. 148, § 22. One-twentieth compels meetings. Id., § 16.

They may elect the president (Ch. 149, § 4) and clerk. Ch. 148, § 10. The free sale of shares may not be restrained by by-laws. Ch. 149, § 15. As to minority stockholders see Manchester Street Ry. Co. v. Williams, 71 N. H. 312 (1903).

Liability. Stockholders are liable for all corporate debts and contracts until the whole amount of capital stock fixed and limited by the corporation shall have been paid in, and a sworn certificate, signed by the treasurer and a majority of the directors, has been filed and recorded with the clerk of the city or town where the corporation has its principal place of business. Ch. 150, § 8. For accepting loans or illegal dividends or withdrawals of capital stock, they are liable for existing corporate debts and those contracted until the improper payments are repaid or made good by payment to creditors. Id., § 7. Stockholders are entitled to contribution on paying amount of liability. Ch. 150, §§ 21, 22.

Meetings. It is obviously contemplated that stockholders' meetings shall be held in the State. Time of holding annual meeting may be changed at any legal meeting. Ch. 148, § 15. If annual meeting is not held or can not be called otherwise, one-twentieth of the stock may apply to a justice of the peace to issue warrant for calling. Id., §§ 16, 17.

Notice. To be prescribed by by-laws. Ch. 148, § 6.

Quorum. No statutory provisions. May be provided in by-laws. Id.

Voting. Every stockholder has one vote for each share not exceeding one-eighth part of the whole number of shares. Ch. 149, § 19. Before voting he must make oath before a justice of the peace, that he is *bona fide* owner in his own right of the shares claimed by him. Id., § 20. No shares to be voted on which any assessment remains due and unpaid. Id., § 24. Severe penalties are imposed for fraudulent voting. Id., § 26.

Proxies. Must be in writing, signed by a stockholder entitled to vote by proxy, and must be filed with the clerk or cashier. No person must vote as proxy for shares exceeding one-eighth of the whole capital stock and no stockholder acting as proxy for another stockholder must vote in his own right and as such proxy on more than one-eighth of the stock. Id., § 22, as amended L. 1901, Ch. 68. No proxy to be voted at more than one meeting which must be specified therein. Ch. 149, § 23.

9. Directors.

Number. The directors must be not less than three. Ch. 149, § 4.

Qualifications. One director must be a resident of the State, if the corporation has any stockholders residing in the State. Ch. 149, § 4.

Powers. No unusual powers.

Liability. For making loans to stockholders, for making dividends or withdrawing capital stock when corporate property is insufficient to pay debts, or thereby becomes so, and for permitting

corporate debts to exceed one-half the value of its property, the directors become individually liable for corporate debts, to the extent of loans, dividends or amounts withdrawn. Ch. 150, §§ 1-5. A director absent or entering his objection in writing with the clerk at the time of such action, is exempted. Id., § 6. (See § 10, "Officers.")

Meetings. No special regulations.

Executive Committee. No provisions.

10. Officers.

General. Every corporation must have a clerk, chosen annually by the stockholders or in such manner as the by-laws or charter may prescribe. He must be an inhabitant of the State and keep his office therein. He must be sworn. In case of vacancy the office may be filled by the directors unless otherwise provided by the by-laws. Ch. 148, § 10. He is to record votes of directors and stockholders, and keep a record of all instruments and papers. Id., § 11. A president who must be a director may be chosen by the stockholders or directors as the charter or by-laws prescribe. Ch. 149, § 4.

Liability. For failure to make and file annual statements of stockholders, treasurer or clerk forfeits \$50 to any person suing therefor (Ch. 150, § 12), and for wilful refusal to do so, with intent to delay and defraud creditors, he is fined not exceeding \$5,000 or imprisoned not exceeding three years, or both. Id., § 13. For failure to file and record certificate of payment of capital stock or annual report, directors and officers are liable for existing corporate debts and those contracted while such failure continues. Id., §§ 14, 16. For false statements officers signing are liable for debts contracted while they are in office. Id., § 19.

For seven days' refusal to comply with demand for copy of records, etc., officer forfeits not exceeding \$1,000 to person entitled to receive it. Ch. 148, § 14.

11. Principal Office.

The clerk must keep his office and all records in the State. Ch. 148, § 10. (See "Corporate Books," § 12.)

12. Corporate Books.

What Required. The treasurer, cashier or other officer authorized to issue stock certificates, must keep in his office a record of the names and residences of all stockholders and of all changes of residence, the number of shares owned by each, all transfer of shares, and of every certificate issued, and shall keep on file all old certificates, transfers and deeds of shares delivered to him. Ch. 149, § 12. Clerk is to record all votes of directors and stockholders and all instruments and papers. Ch. 148, § 11.

Where Kept. At clerk's office in the State. Ch. 148, § 10.

(New Hampshire)

Examination of. All records, accounts and papers are to be open to the inspection of every member or stockholder. Such portions as relate to overdue and unpaid demands of creditors of the corporation or to the collection of any such demand are to be open to inspection of such creditor or his attorney. Ch. 148, § 12. Certified copies must be furnished on demand accompanied by payment or tender of legal fees. Id., § 13.

13. Reports.

Until the entire capital stock has been paid in and certificate thereof filed and recorded, the clerk must annually in May cause to be filed and recorded with the clerk of the town or city in which the corporation has its principal place of business, a certified list of names and residences of all stockholders. Ch. 150, § 10. Every business corporation must also file and record in the same manner a statement similarly executed, but also signed and attested by a majority of the directors, and filed and recorded also in the office of the Secretary of State, showing: (1) Amount of assessments voted by the corporation and actually paid in; (2) amount of debts due to and from the corporation; (3) value of its property and assets as of May 1st. Id., § 16. Copies of all reports, when printed, must be furnished to State Librarian. Ch. 148, § 20.

If a corporation has no place of business in the State, all certificates and papers required by law to be filed in the town clerk's office must be filed with the Secretary of State. Ch. 150, § 15.

Publication is required only of a few special notices, such as sale of stock for non-payment of assessment and calling annual meeting on warrant. Ch. 149, § 18; Ch. 148, § 17. Extent of publication is not prescribed.

14. Foreign Corporations.

How Authorized to Do Business. There are no statutory provisions permitting foreign corporations to do business in the State, or prescribing procedure antecedent thereto, but certain restrictive and permissive laws exist in regard to the holding of real estate, etc., by foreign corporations, etc., and they are permitted to sue and defend in the State courts.

Foreign manufacturing companies are empowered to hold real estate, and are subjected to all the regulations as to returns and taxation affecting domestic corporations. Ch. 148, § 21. Foreign corporations, clubs, etc., are forbidden to hold property in the State for hunting, fishing, sporting or recreation, without incorporating in the State. L. 1901, Ch. 9.

Reports. All printed reports must be filed with State Librarian on or before January 1st of each year. Ch. 148, § 20.

15. Combinations and Monopolies.

No provisions.

NEW JERSEY.

Enactments of 1906.

2. Taxes and Fees.

Franchise Tax. Chapter 9 of the Laws of 1901 imposed a franchise tax on all amounts of capital stock issued and outstanding. This is now interpreted by the addition of the provision, "and any shares of stock either fully paid or partially paid in cash or by property purchased, **whether issued or otherwise**, shall be deemed to be shares of stock issued and outstanding, until such shares or any substitute therefor shall have been retired and actually cancelled." L. 1906, Ch. 19, p. 31.

By this amendment "treasury stock," i. e., stock issued for value and then, whether by gift or purchase, returned to the treasury of the issuing corporation, is specifically declared to be subject to taxation. The amendment was enacted to avoid the effect of the decision in *Knickerbocker Importation Co. vs. State Board of Assessors*, 62 Atlantic Reporter, 266, which declared that under the wording of Chapter 9, Laws of 1901, stock owned by the corporation which issued it was not subject to the franchise tax.



NEW JERSEY.

1. Corporation Laws.*

Constitution. (1875.) Corporations may not be created by special law. Art. IV, § VII, subdiv. 11.

Statutes. The general corporation law is contained in the Laws of 1896, Ch. 185, and the various acts and amendments subsequent thereto. Under this general law corporations may be formed for any lawful business except banking, building and loan, trust and insurance companies, and corporations exercising the power of eminent domain. § 6. Railroads, telephone and telegraph companies to operate outside the State may, however, incorporate under the general law. § 6; L. 1899, Ch. 176. Various special acts are provided for corporations which can not be formed under the general act, as follows: Banks, trust and safe deposit companies, L. 1899, Chs. 173-175; savings banks, G. S. (1896), p. 2999-3018; insurance, L. 1902, Ch. 134; building and loan associations, Id., Ch. 218; canals, G. S., p. 2635-2719; railroads, L. 1903, Ch. 257; street railroads, G. S., p. 3207-3248; telegraph, telephone and electric light, G. S., p. 3456-3461; corporations not for profit, L. 1898, Ch. 181.

A commission has been appointed under L. 1905, Ch. 30, to report a revision of the general corporation law to the legislature of 1906.

2. Taxes and Fees.

Organization Expenses. To Secretary of State: On filing certificate of incorporation, 20 cents per \$1,000 of capital stock; minimum fee, \$25 (§ 114); recording, 10 cents per folio of 100 words; minimum charge, \$1 (L. 1904, Ch. 148); filing list of officers and directors, \$1 (§ 114); certifying copy of charter, \$1. Id.

To County Clerk for recording certificate of incorporation, 10 cents per folio:

Franchise Tax. An annual tax, payable on or before July 1st, is imposed on all capital stock, issued and outstanding, as follows: On amounts up to \$3,000,000, one-tenth of one per cent.; from \$3,000,000 to \$5,000,000, one-twentieth of one per cent.; for every \$1,000,000 over \$5,000,000, \$50. Delinquent taxes bear interest at rate of one per cent. a month. L. 1901, Ch. 9. Corporations having fifty per cent. or more of their capital invested in manufacturing or mining in the State are exempt from this tax and those having less

* References, unless otherwise stated, are to Laws of 1896, Chapter 185.

than fifty per cent. invested in the State are entitled to deduction of the amount of capital so invested from their assessable capital stock. *Id.* The franchise tax is assessed on par value of shares without regard to actual value. *Singer Mfg. Co. v. Heppenheimer*, 58 N. J. L. 633.

Stock owned by the corporation which issued it, is not subject to the franchise tax. *Knickerbocker Imp. Co. v. Board of Assessors*, N. J. Supreme Court, Nov. Term, 1905.

Local Taxation. Corporate property is taxed as that of individuals. § 110. Shares are not taxed when the corporation is taxed on its property. L. 1903, Ch. 208, § 3, subdiv. 5. The assessor may examine officers under oath. *Id.*, § 14.

General. To Secretary of State: On increase of capital stock, 20 cents for each \$1,000 of increase; minimum fee, \$20; consolidation and merger, 20 cents for each \$1,000 beyond the total authorized capital of the corporation consolidated; minimum fee, \$20; extension or renewal of corporate existence, same fees as on original incorporation; dissolution, change of name or business, decrease of capital stock, change in par value of shares, or other amendment to charter except increase of stock, \$20; any other certificate, \$5. Annual report, \$1. § 114. Change in location of principal office; by amendment of charter, \$20 (§ 27); by resolution of board of directors, \$5. L. 1897, Ch. 85.

3. Incorporation.

Incorporators. Must be three or more. § 6. They need not be residents of State. *Central R. R. Co. of N. J. v. Pa. R. R. Co.*, 31 N. J. Eq. 485.

Certificate of Incorporation. Must be signed and acknowledged by the incorporators as is required for deeds of real estate. A New Jersey notary public can not take acknowledgments. § 9. Acknowledgments outside the State are preferably taken before a New Jersey commissioner of deeds or master in chancery. If taken before notary of other state, certificate of his authority must be attached.

The certificate must set forth (§ 8):

(1) Name of the corporation. This must be in the English language (L. 1903, Ch. 149) and not resemble that of any existing corporation so closely as to lead to confusion. § 8. May be changed by amendment. § 27. Must be displayed at principal office. § 45. Of ordinary corporations must not include words "insurance," "safe deposit," "trust company" or "bank." L. 1897, Ch. 155.

(2) Location of principal and subordinate offices in the State. The exact location of the principal office must be set forth and the name of the agent in charge, upon whom process against the corporation may be served, must be given. L. 1898, Ch. 173.

(3) The object or objects for which it is formed. These are usually stated with great amplitude. § 8. If it is desired to conduct business outside the State, it must be so stated. § 7.

(4) Amount of capital stock, not less than \$2,000, and amount with which it will begin business, not under \$1,000; the number of shares and their par value; description of classes of stock, if classified, and terms of issue. § 8. Preferred stock must not be more than two-thirds of the total paid up capital stock. § 18.

(5) Names and addresses of the incorporators and number of shares subscribed by each. The address of the principal office may be given as the address of the incorporators. L. 1898, Ch. 173.

(6) Period, if any, limited for its duration. Is perpetual if not limited. § 1.

(7) Any other provisions not inconsistent with law which the incorporators may choose to insert for the regulation of the business and for the conduct of the affairs of the corporation, and any provision creating, defining, limiting and regulating the powers of the corporation, the directors and the stockholders, or any class or classes of stockholders.

The foregoing provision gives exceptionally broad scope for charter regulation of the corporate powers and affairs. In addition the following charter provisions are specifically mentioned and authorized by the statutes: Empowering directors to make and alter by-laws (§ 11); classifying directors (§ 12); giving to any class or classes of stock the sole right to choose directors of some specified class (Id.); regulating the manner of calling and conducting meetings, the voting power of stock, and fixing number of shares or amount of stock in interest—but not more than a majority—necessary to constitute a quorum (§ 17); providing that any action which now requires the consent of the holders of two-thirds of the entire stock at any meeting after notice to them given, or requires their consent in writing to be filed, may be taken upon the consent of and the consent given and filed by the holders of two-thirds of the stock of each class represented at such meeting in person or proxy (Id.; L. 1901, Ch. 119); giving directors power to fix amount to be reserved from profits before payment of dividends (§ 47); and prescribing cumulative voting. L. 1900, Ch. 172. If meetings of directors are to be held without the State, it must be so provided in the certificate of incorporation or in the by-laws. § 44.

Filing and Recording. Certificate of incorporation must be recorded with the clerk of the county where the principal office is located and a copy certified by the clerk is then filed with Secretary of State. As a matter of convenience a copy of the original charter is usually provided for the clerk's record. The clerk then merely compares the copy with the original and endorses the original without further delay as having been recorded. A copy certified by Secretary of State is evidence in all courts and places. § 9.

4. Organization.

First Meetings. Must be held within the State. May be called by notice signed by majority of the incorporators, designating time, place and purpose, and published for two weeks in newspaper in county where corporation is established; or two days' personal notice may take place of publication, or notice may be dispensed with by unanimous written consent of the incorporators or their authorized attorneys. § 16; L. 1902, Ch. 58. Voting by proxy is allowed (§ 17) and likewise cumulative voting if so provided in the certificate of incorporation. L. 1900, Ch. 172. At this meeting by-laws are adopted, directors are elected to serve for the first year, and if stock is to be issued for property, the directors are usually authorized thereto by formal resolution.

The first meeting of directors usually follows immediately after the adjournment of the first meeting of stockholders. It is usually assembled by written call and waiver of notice, otherwise by such means as may be prescribed in the by-laws. At this meeting the officers for the ensuing year are chosen; if stock is to be issued for property, the matter is arranged by formal procedure; if the corporation is non-resident, a registered state office is provided for with an agent therein, and such other matters are provided for as may be necessary to begin corporate operations.

The use of "dummy" incorporators and directors is common.

By-Laws. Are usually adopted by the stockholders at their first meeting, unless the certificate of incorporation delegates the power to adopt by-laws to directors. § 11. By-laws may provide for the management of the property and corporate affairs; for transfer of stock; may fix or alter the number of directors (§ 1); may provide for offices and for directors' meetings outside the State (§ 44); may designate date for election of directors (§ 41); determine the number of shares to be held to qualify as director (§ 39); fix time of declaring dividends and amount of reserve for working capital (§ 47); prescribe method of filling vacancies on board of directors or among officers (§ 15); may fix penalty, not exceeding \$20, for breach of by-laws (§ 1); and provide generally for the corporate affairs and their regulation. *Id.*

Certificates. A certificate of election of directors and officers must be filed in the office of the Secretary of State within thirty days after every election. § 43. (See § 13, "Reports.")

5. Corporate Existence.

When Commenced. Incorporation is complete and the corporate existence begins when the certificate has been filed and recorded in office of the Secretary of State. § 10. It is perpetual unless limited in certificate of incorporation. § 1.

Beginning Business. In practice is commenced as soon as certificate has been filed and recorded by Secretary of State.

Renewal. May be effected by regular amendment. § 27.

Forfeiture of Charter. Neglect or refusal for two consecutive years to pay the State taxes is ground for forfeiture on proclamation

of the governor, though governor may allow extra time for payment. L. 1905, Ch. 259. May occur at suit of the Attorney General for *ultra vires* acts. Camden and Atlan. R. R. Co. v. Mays Landing R. R. Co., 7 Atl. 523 (1886).

Failure to obey order of court of chancery or supreme court to bring books into the State, may cause forfeiture by direction of the court making the order. § 44.

Dissolution. Before the payment of any portion of the capital or beginning business, the incorporators may relinquish their rights and franchises by filing with the Secretary of State a sworn certificate surrendering all rights and franchises and setting forth that no part of the capital has been paid.

Thereafter dissolution must be effected by resolution adopted at meeting of directors called on three days' notice for that purpose. Notice of the adoption of such resolution must within ten days thereafter be mailed to each stockholder resident in the United States and also be published in a newspaper in the county of the principal office once a week, at least four weeks successively next preceding the time appointed for a special stockholders' meeting. Such meeting must be held between 10 a. m. and 3 p. m. and if two-thirds in interest of all the stockholders shall consent to dissolution and signify their consent in writing, such consent in writing, together with a list of the names and residences of the directors and officers, certified by the president and the secretary and treasurer, shall be filed with the Secretary of State, who shall then issue a certificate that such consent has been filed. This certificate must be published once a week for four successive weeks in the county of the principal office and upon filing affidavit of such publication with the Secretary of State the corporation is dissolved. § 31.

Dissolution may be effected without meeting by unanimous written consent of all the stockholders with filing and publication as above. *Id.*

All State taxes must be paid before dissolution. L. 1900, Ch. 126.

6. Corporate Powers.

General. The usual powers are enumerated. § 1.

To Hold Property. Limited to the real and personal property necessary for corporate purposes and such real estate as may be taken as security for or in satisfaction of debts or purchased at judgment sale. § 1.

Its Own Stock. A corporation may hold its own stock (§ 29) and may even purchase it on credit. *Berger v. U. S. Steel Corp.*, 63 N. J. Eq. 506 (1902). Such shares may not be voted directly or indirectly (§ 38), and are not subject to franchise tax while held by the corporation. *Knickerbocker Imp. Co. v. Board of Assessors*, N. J. Supreme Court, Nov. Term, 1905.

Stock of Other Corporations. This power is fully conferred by statute. While owner of any such stock all powers of ownership may be exercised including the right to vote. § 51.

To Borrow Money. No statutory limitations. Bonds may be issued to an unlimited amount. *Berger v. U. S. Steel Corp.*, 63 N. J. Eq. 506 (1902). Real estate and personal property including fran-

chises may be mortgaged. § 1. Bonds may be converted into common stock at any time after two years if so stated in the bonds. L. 1902, Ch. 58.

To Do Business in Other States. Any corporation may conduct business in other states or in foreign countries and have one or more offices out of the State, and may hold, purchase, mortgage and convey real and personal property out of the State; provided such powers are included within the objects set forth in its certificate of incorporation. § 7.

Consolidation or Merger. Corporations organized for similar purposes may consolidate into a single corporation, which may be either one of the merging companies or a new corporation. § 104. Detailed procedure and resulting powers and duties are contained in §§ 105-109. Dissenting stockholders may, by proper procedure, have their stock appraised and enforce payment therefor against the consolidated corporation. § 108; L. 1902, Ch. 241.

Amendment of Charter. Before any part of the capital has been paid in, the incorporators may amend the certificate by filing an amended certificate in the same manner as was the original. L. 1898, Ch. 172. Subsequent amendments may change the nature of the business of the corporation; change its name; increase or decrease its capital stock; change the par value of the shares or the location of its principal office in the State; extend its corporate existence; create one or more classes of preferred stock, and make such other change or alteration as may be desired. Any such amendment must be made by resolution of the directors advising the change and calling meeting of the stockholders by such notice as the by-laws provide, or, in the absence of such provision, on ten days' notice served personally or by mail. If two-thirds in interest of each class of stockholders having voting powers assent to such amendment, a certificate thereof shall be executed under the corporate seal, and be acknowledged as for deeds of real estate, by the president and secretary, and shall be filed, together with the written assent, in person or by proxy, of two-thirds in interest of each class of stockholders, with the Secretary of State. His certificate is evidence of the change. § 27.

The location of the principal office may be changed within the State by a two-thirds vote of the directors. If such removal is to another town or city, a copy of the resolution signed by the president and secretary and under the corporate seal shall be filed with the Secretary of State. L. 1897, Ch. 85, p. 175.

7. Capital Stock.

Amount. Must be stated in certificate of incorporation. Minimum, \$2,000. § 8. No maximum limit.

Initial Payment. At least \$1,000 must be subscribed. § 8. Time of payment is not prescribed.

Consideration for Issue. The corporation may issue stock for money or for "property necessary for its business," and issue stock to the amount of the value thereof in payment therefor, and the stock

so issued shall be full-paid stock and not liable to any further call, neither shall the holder thereof be liable for any further payment under any of the provisions of this act; and in the absence of actual fraud in the transaction, the judgment of the directors as to the value of the property purchased shall be conclusive. § 48; *Plaques v. T. F. Co. v. Buck*, 52 N. J. Eq. 219 (1893).

When capital stock is full paid, certificate thereof must be filed with Secretary of State. If not filed within thirty days after demand therefor by any stockholder or creditor, the officers so failing are liable while such failure continues for corporate debts. §§ 25, 26. (See "Reports," § 13.)

Assessments, not exceeding in the whole the par value of the stock, may be made in the discretion of the directors, on thirty days' notice served personally or by mail and published in newspaper of county where corporation is established. § 22. Stock delinquent for thirty days may be sold. §§ 23, 24.

Increase or Decrease. May be effected by regular amendment. § 27. "The decrease of capital stock may be effected by retiring or reducing any class of the stock, or by drawing the necessary number of shares by lot for retirement, or by the surrender by every shareholder of his shares, and the issue to him in lieu thereof of a decreased number of shares, or by the purchase at not above par of certain shares for retirement, or by retiring shares owned by the corporation or by reducing the par value of shares." Certificate of decrease must be published in county where principal office is located once a week for three successive weeks. The first publication must be made within fifteen days after certificate of reduction is filed with Secretary of State, under penalty of personal liability of directors for corporate debts contracted before compliance, and liability on the part of stockholders for any amount of capital received by them under such reduction. § 29.

Classes of Stock. Two or more kinds of stock may be created with such designations, preferences and voting powers as may be stated in the original or amended certificate of incorporation. § 18. The amount of preferred stock issued must never exceed two-thirds of the paid up capitalization. *Id.* It may be made subject to redemption at any time after three years from the date of issue at not less than par. *Id.* Preferred dividends may be made cumulative, and payable before common dividends are paid; but must not exceed eight per cent. per annum and be payable quarterly, half yearly, or yearly. *Id.* Preferred stockholders are not liable for corporate debts. *Id.* In case of insolvency the corporate obligations are paid in preference to the preferred stock. *Id.*

Par Value of Shares. May be any amount. § 8.

Stock Certificates. Every stockholder shall have a certificate signed by president and treasurer certifying the number of shares owned. § 19.

Transfer of Stock. Transfers of stock must be entered on the books of the corporation in such manner and under such regulations as the by-laws provide. Transfers made for purposes of collateral security shall so state in the entry of transfer. § 20.

8. Stockholders.

Rights and Powers. They control amendments to the charter by a two-thirds vote. § 27. May elect officers if so provided in the by-laws. § 13. By-laws are always subject to their control. § 11. Merger, dissolution or lease of property and franchise must receive vote of two-thirds of the stock. §§ 31, 105; L. 1899, Ch. 150. On application of any one stockholder, a justice of the supreme court will order holding of omitted elections and investigate same. §§ 41, 42.

Liability. Extends to unpaid subscriptions. § 21. They are liable for the amount received in case of an unlawful reduction of the capital. §§ 29, 30.

Meetings. Must be held at registered office in State. § 44.

Notice. May be prescribed in certificate of incorporation or by-laws. § 17. Twenty days is fixed by statute as time for notice of meeting to pass upon proposition to consolidate with another corporation (§ 105), and notice of meeting for dissolution must be published once a week for four successive weeks. § 31. Notice may always be waived by unanimous written consent. § 16.

Quorum. May be fixed by the certificate of incorporation or the by-laws. But more than a majority of the stock must not be required. §§ 17, 34.

Voting. In the absence of a contrary provision in certificate or by-laws, each stockholder is entitled to one vote for each share of stock he owns. No share of stock may be voted at an election if it has been transferred on the books within twenty days of the date thereof. § 36. Cumulative voting may be provided for in certificate of incorporation. L. 1900, Ch. 172.

Proxies. Voting by proxy is allowed at any stockholders' meeting. § 17. Proxy is void after three years. § 36. The appearance of the stockholder at the meeting operates as revocation of a proxy or power of attorney. *Chapman v. Bates*, 61 N. J. Eq. 658 (1900).

Voting Trusts. No statutory provision. Voting trusts have, however, been sustained in the New Jersey courts where their objects were legitimate. *Chapman v. Bates*, 61 N. J. Eq. 667 (1900).

9. Directors.

General. By provision therefor in the certificate of incorporation, directors may be divided into classes, no term to be less than one year or more than five years and one class to be elected each year. If not so provided, directors are elected annually for one year and hold office until others are chosen and qualified in their stead. § 12. The certificate of incorporation may also provide that one class of directors may be elected by any class or classes of stock exclusively. *Id.*

Number. Must not be less than three. § 12. Unless fixed in certificate of incorporation the number may be changed by amendment to the by-laws. § 1.

Qualifications. One at least must be a resident of State. § 12. All must be stockholders. Any director ceasing to be a *bona fide* stockholder, ceases to be a director. Number of shares a director must hold is fixed by certificate of incorporation or by-laws. § 39.

Powers. The directors have full power to manage the business and affairs of the corporation. § 12. They choose officers unless otherwise provided by the by-laws. § 13. Power to make by-laws may be delegated to them. § 11. They fill vacancies in board unless by-laws direct differently. § 15. They remain trustees on dissolution. § 54. They may change the location of principal office in the State. L. 1897, Ch. 85, p. 175.

Liability. Liabilities are imposed on directors making unlawful dividends or loans to stockholders, and for making false reports and for other breaches of trust. §§ 30, 33. Also for failure to publish notice of any decrease of stock. § 29. Absent or dissenting directors may relieve themselves from liability for such acts by causing dissent to be entered on minutes at large at the time or when they have notice of any such unlawful act, any such entry to be followed by publication of a true copy of such dissent within two weeks thereafter in a newspaper of the county in which the principal office of the corporation is located. § 30. They are jointly and severally liable to a fine of \$200 for failure to display name of corporation at entrance to principal office. § 45. For failure to file certificate of payment of capital stock within thirty days after written request so to do by director or stockholder, the officers become personally liable for corporate debts contracted up to time of compliance. § 26.

Meetings. May be held outside the State, if so provided in by-laws or certificate of incorporation. § 44. Notice should be provided for in by-laws. The number necessary to constitute a quorum may be provided for in the certificate of incorporation. § 8, subdiv. VII. In the absence of such provision, a majority is a quorum. Met. Tel. Co. v. Dom. Tel. Co., 44 N. J. Eq. 573 (1888).

Executive Committee. May be provided for in certificate of incorporation. § 8, subdiv. VII.

10. Officers.

The necessary officers are a president, chosen from among the directors, a secretary and treasurer. They may be chosen either by the stockholders or the directors as provided in by-laws. The secretary must take an oath of office and the treasurer must give bond. § 13. Such other officers may be elected as by-laws prescribe. § 14. In the absence of other provision in by-laws, the directors fill vacancies. § 15. A resident agent must be maintained. § 44.

Liability. They are liable for certificates or publications materially false (§ 52), for refusal to exhibit transfer or stock books or alphabetical list of stockholders (§ 32), or for refusal to file certificate of payment of capital stock within thirty days after request therefor. § 26.

11. Principal Office.

Must be maintained in the State with resident agent in charge. §§ 8, 44. The name of the corporation must be conspicuously displayed at the entrance under penalty of \$200 fine from the directors. § 45. Location may be changed by regular amendment (§ 27) costing \$20 (§ 114), or by resolution of the board of directors adopted by two-thirds vote and filed with the Secretary of State at a cost of \$5. L. 1897, Ch. 85. Location of principal office and name of agent must be set forth in every public certificate, report and statement. L. 1898, Ch. 173.

12. Corporate Books.

A transfer book in which the transfer of stock shall be registered, and stock books which shall contain the names and addresses of stockholders and the number of shares held by them respectively, must be kept at principal office in the State. §§ 33, 44. Directors may be allowed to keep all other books outside the State by so providing in the by-laws. *Id.* Must be open to inspection of *bona fide* stockholders during usual hours of business (§ 33) and may be ordered brought within the State by court of chancery or supreme court. § 44; *O'Hara v. Nat. Biscuit Co.*, 54 Atl. 241 (1903). Secretary must keep record of all votes of corporation and directors. § 13.

13. Reports.

Within thirty days after the first election of directors and officers and annually thereafter within thirty days after the date of the annual meeting, the corporation must file with Secretary of State a report signed by the president and one other officer or by any two directors, stating: (1) Name of the corporation. (2) Location of its registered office and name of agent in charge thereof. (3) Character of business. (4) Amount of authorized capital stock and amount issued and outstanding. (5) Names and addresses of all directors and officers and when their terms expire. (6) Date of next annual election. (7) Whether name has at all times been displayed at principal office, and transfer and stock books kept there. Penalty for not filing report, \$200 fine. § 43.

Annual returns must be made to State Board of Assessors on or before the first Tuesday in May, showing amount of capital stock issued and outstanding on January 1st preceding (L. 1901, Ch. 9), and any deductions or exemption claimed as manufacturing or mining corporation, describing mines or manufacturing plants in detail. *Id.*

Certificate of payment of capital stock, signed by president and secretary or treasurer, must be filed within ten days of payment (§ 25) and if not so filed any stockholder or creditor may demand the same and upon failure to file such certificate within thirty days after such demand, the officers so failing are liable for debts of the company until such certificate is filed. § 26.

Every certificate and report must set forth the location (with street and number, if any) of the principal office in the State and the name of the agent in charge thereof upon whom process may be served. § 43.

14. Foreign Corporations.

How Authorized to Do Business. A copy of charter or certificate of incorporation, attested by the president and secretary and under the corporate seal, and a statement similarly attested, showing the amount of capital stock authorized, amount issued, character of business to be transacted in the State, and naming an office in the State and an agent, who must be a domestic corporation or a resident of full age, in charge to receive service of process, with the place of abode of such agent, must be filed with the Secretary of State. The Secretary will thereupon issue a certificate entitling the corporation to do business in the State. § 97.

Fees to Secretary of State for filing charter and statement, \$10; for filing report, \$1. And in addition retaliatory fees, if New Jersey corporations are compelled to pay higher taxes in the home state of such corporation. § 101.

Penalties for Non-Compliance. Inability to enforce contracts in the State (§ 98) and fine of \$200. § 100.

Taxation. Corporations regularly doing business in the State and not being corporations of the State, shall be taxed on the business done by them in the State and assessed for the amount of capital usually employed in the State in such business, not otherwise taxed as real or tangible personal property, such assessment to be made in the district in which such business is usually carried on. L. 1903, Ch. 208, § 16. Mortgages held by such corporation are exempt. Id. There is also retaliatory taxation, if New Jersey corporations pay higher taxes in home state of any corporation. L. 1894, Ch. 228.

(The foregoing provision was superseded by the Act of 1904, [L. 1904, Ch. 221], which provided at length for the taxation of foreign corporations. This Act was, however, repealed at the last session of the New Jersey Legislature [L. 1905, Ch. 37], leaving the taxation of foreign corporations as it was before the Act of 1904 was passed.)

Books. No statutory provision. Foreign corporations are expressly exempted from the provision as to keeping stock and transfer books at principal office in the State. § 43.

Reports. Must make same annual report to Secretary of State as domestic companies. § 43.

Attachments Against. If regularly admitted to do business in the State, the mere fact that a corporation is foreign will not be considered sufficient ground for issue of attachment. L. 1901, Ch. 74.

15. Combinations and Monopolies.

No statutory provision. Late decisions have upheld such agreements. *Trenton Potteries Co. v. Olyphant*, 58 N. J. Eq. 507 (1897); *Meredith v. Co.*, 55 N. J. Eq. 211 (1897); 56 N. J. Eq. 454 (1897); *Ellerman v. Co.*, 49 N. J. Eq. 217 (1891).

NEW MEXICO.

1. Corporation Laws.*

Acts of the United States Congress. Territorial assemblies shall not grant charters, or franchises to corporations by special laws. Public ownership or interest in private corporations prohibited. General laws may be passed for the formation of mining and industrial companies, insurance, banks (except of issue), trust and guarantee associations, various corporations for internal improvements, and eleemosynary and scientific associations. 24 U. S. St. at L., p. 170, §§ 1, 2, 5.

Statutes. Laws of 1905, Chapter 79, contain the general corporation law of New Mexico. Under this law resident corporations may be organized for any mining, manufacturing and industrial purposes and for other pursuits or purposes save as otherwise provided for by special laws. Non-resident corporations may be formed for any lawful purpose. § 5.

The Act of 1905 repeals only §§ 411-456 of the Compiled Laws of 1897 (§ 134), but applies as far as may be to corporations formed under special laws contained in said Compiled Laws. §§ 467-494.

Banks, insurance, mining and railroad corporations have special Titles in Compiled Laws of 1897. An insurance department is created by Ch. 5, L. 1905, and irrigation further regulated by Ch. 102, L. 1905.

2. Taxes and Fees.

Organization Expenses. To the Territorial Secretary: For filing certificate of incorporation, 10 cents for each \$1,000 of authorized capital stock; minimum fee, \$25. § 119.

Also cost of publication. § 135. (See under § 3, "Filing and Recording.") Recording fee to County Recorder, 10 cents per folio. Comp. L. 1897, § 780.

Franchise Tax. No annual franchise tax.

Local Taxation. When taxes are assessed on entire corporate property, stock is not taxed to owners. Comp. Laws 1897, § 4025. Statements are required by assessors between March 1st and May 1st. Penalty for failure to make return or for false return is 25 per cent. added to tax. Id., §§ 4032-4036.

* References, except as otherwise noted, are to Chapter 79 of Laws of 1905.

General. To Territorial Secretary for filing certificates: On renewal of corporate existence, same fees as on original incorporation. On increase of capital stock, or on increased capital stock of a consolidation, 10 cents on each \$1,000 of increase; minimum fee, \$20. On dissolution, change of name or nature of business, decrease of stock, change in par value or number of shares, or other amendments of certificate not increasing stock, \$20. Change of principal office, \$5. List of officers and directors, \$1. All other certificates, \$5. § 119. For notice to file annual report, \$1. § 48.

3. Incorporation.

Incorporators. Must be three or more. No residential requirements. § 5.

Certificate of Incorporation. Must be signed and acknowledged by each of the subscribers named therein, in person or by their attorneys in fact, and must set forth (§ 7):

(1) Name of the corporation. No name must be assumed so similar to that of existing corporation as to lead to confusion. Name must be conspicuously displayed at the principal office in the Territory. § 51.

(2) Location (town or city, street and number, if any) of principal office in the Territory.

(3) Object or objects for which formed.

(4) Amount of capital stock, not less than \$3,000; number of shares and par value of each. Amount of capital stock with which to commence business, not less than \$2,000. If stock is classified, a description of each class and the terms on which created.

(5) Names and post-office addresses of the incorporators, with number of shares subscribed for by each; the aggregate of such subscriptions to be the amount with which the company will begin business.

(6) Period, if any, limited for the duration of the company. May be fifty years and be extended by amendment for similar period. §§ 1, 30.

(7) Any other provisions consistent with the Act. § 7.

Directors to serve first three months may be named. § 16. Power to make by-laws, but only subject to repeal or amendment by stockholders, may be delegated to the directors. § 10. If business is to be conducted outside the Territory, this must be included in the objects set forth. § 6. Stockholders' liability on unpaid subscriptions may be limited by executing and filing a separate certificate to that effect, in the same manner as the certificate of incorporation. § 23.

Filing and Recording. The certificate of incorporation must be filed with the Territorial Secretary and a copy certified by him

recorded with the recorder of the county in which the principal office in the Territory is established. § 8. The certificate of incorporation, together with that limiting the stockholders' liability, if such exists, is also published in some newspaper in said county, and proof of publication must be filed with the Territorial Secretary within twenty days after incorporation. § 135.

4. Organization.

First Meetings. If the directors are named in the certificate and the power to make by-laws has been delegated to them, the usual first meeting of stockholders is not required. § 16. If otherwise, the meeting must be called by a majority of the incorporators by notice published at least two weeks in the county in which the corporation is established; or by two days' personal notice, or by waiver signed by all the incorporators. § 15. But any vote or act required of the stockholders, if unanimous, is valid if expressed in writing without a meeting. § 15. Voting by proxy is allowed. Id.

By-Laws. May be adopted by the stockholders, or by the directors subject to control of the stockholders, if so provided in the certificate of incorporation. § 10. By-laws may prescribe the number of directors and provide for the management of the corporate property, the regulation of its affairs, and the transfer of stock; also for penalties for non-observance, not exceeding \$20 for each offence. § 1.

Certificates. Proof of publication of certificate must be filed with Territorial Secretary within twenty days after incorporation. § 135. Report must be filed within thirty days after first annual election. § 48. (See § 13, "Reports.") Certificates of payment of capital stock must be filed within ten days after each payment. § 27.

5. Corporate Existence.

When Commenced. Begins on filing of certificate of incorporation with Territorial Secretary. § 9. Continues for fifty years (§ 1) and may be extended for another term of fifty years. § 30. Continues after dissolution for winding up of corporate affairs. § 60.

Beginning Business. May be commenced when \$2,000 of capital stock has been paid in. §§ 7, 27.

Renewal. May be had by regular amendment. § 30.

Forfeiture of Charter. Occurs on failure to bring corporate books into the Territory on order of the court. § 50. For failure to comply with provisions as to publication of certificate of incorporation and filing of proof thereof, right to do business in the Territory is forfeited. § 135.

Dissolution. May be effected by unanimous written consent of stock or by vote of two-thirds of the stock at a special meeting called for that purpose. § 35. Such action or consent must be duly certified to the Territorial Secretary and the certificate of dissolution

be duly published. § 35. The incorporators may surrender the charter before payment of any part of the capital stock. § 36.

6. Corporate Powers.

General. The usual powers are enumerated. § 1.

To Hold Property. May be held to extent of corporate requirements, and may be taken in payment of or as security for debts. § 1.

Its Own Stock. Shares of stock held by the corporation may not be voted directly or indirectly. § 43.

Stock of Other Corporations. This power is fully conferred. §§ 55, 58. Public improvement corporations may accept stocks and bonds for labor and material. § 57.

To Borrow Money. No statutory limitations. Both property and franchises may be mortgaged. Bonds may be converted into common stock on terms stated in the bonds. § 19.

To Do Business in Other States. Permitted if so specified in certificate of incorporation (§ 6), but an office and agent must always be maintained in the Territory. § 50.

Consolidation or Merger. Is permitted between corporations engaged in business of a similar nature. §§ 109-115.

Amendment of Charter. Omissions or errors may be corrected by filing the certificate *nunc pro tunc* before any part of the capital stock has been paid. § 29. Thereafter the charter may be amended to include anything which might have been secured by original articles, by two-thirds vote of stock cast at meeting called—unless otherwise provided by the by-laws—on twenty days' notice given personally or by mail. A certificate of any amendment, signed and acknowledged by the president and secretary, under the corporate seal, together with the written assent thereto of two-thirds in interest of each class of stock, is filed, recorded and published as was the original certificate. §§ 30, 135.

7. Capital Stock.

Amount. Must be not less than \$3,000. § 7.

Initial Payment. Must be at least \$2,000. § 7. Certificate of payments, executed by the president and secretary or treasurer, must be filed with the Territorial Secretary within ten days after completed payment, stating amount paid, whether in cash or property, also total amount previously paid and reported, if any. § 27.

Consideration for Issue. May be money, property necessary for the business, or stock of other corporations. In the absence of fraud the judgment of the directors as to value of property so taken is conclusive. In all statements and reports, stock so issued must be reported according to the facts. §§ 54, 55.

Assessments may be made in the discretion of the directors on thirty days' notice, personally, by mail, or by publication. Shares

may be sold at public auction for delinquency after thirty days' default, but must be first advertised for three weeks and personal notice be given the stockholder. §§ 24-26.

Increase or Decrease. May be had by amendment; but no decrease of stock shall release from liability a stockholder whose shares are not fully paid. §§ 30, 33. Certificate of reduction must be published three weeks commencing fifteen days after filing. § 33.

Classes of Stock. May be created in certificate of incorporation (§ 7), or by amendment. § 30. Preferred stock, not to exceed two-thirds of the actual paid up capital stock, may be made redeemable at not less than par at a stated time. Dividends on preferred stock must not exceed ten per cent., but they may be cumulative. § 18. Preferred stock may be converted into bonds on two-thirds vote of each class of stock, on certain conditions. § 19.

Par Value of Shares. Not prescribed. Must be stated in certificate of incorporation. § 7.

Stock Certificates. Must be signed by the president and secretary and certify number of shares owned. § 20.

Transfer of Stock. Transfers, whether absolute or as collateral, are to be made on the books of the corporation in such manner and under such regulations as the by-laws may provide. § 21.

8. Stockholders.

Rights and Powers. By two-thirds vote or unanimous written consent, they control amendments to certificate of incorporation. § 30. Two-thirds may convert preferred stock, paying five per cent. dividend, into bonds (§ 19), may dissolve corporation (§ 35), or may consolidate with other corporations. § 110. One-tenth of any class of stock may call meeting by publishing ten days' notice. § 52. They may elect officers if so provided in by-laws. § 12.

Liability. The stockholders are at most liable for unpaid subscriptions. § 22. This liability may be avoided. § 23. (See under "Certificate of Incorporation.") Preferred stockholders are never liable for corporate debts. § 18.

Meetings. Stockholders' meetings must be held at principal office in the Territory. § 50. If annual election is not held on appointed day and directors do not call special election within reasonable time, a justice of the district court may order meeting and punish directors for contempt on failure to obey. § 46. Time and management of meetings and voting thereat may be controlled by certificate of incorporation. § 17. Inspectors of election are provided for. § 39.

Notice. Except as provided by statute for special purposes, notice of meetings may be prescribed by by-laws. § 17. Waiver is provided for. § 15.

Quorum. Unless otherwise provided in charter, a majority of the stock is a quorum (§§ 17, 38), and in no case shall more than a majority be required. § 17.

Voting. Cumulative voting may be provided for in certificate of incorporation (§ 40), otherwise each stockholder has one vote for each share. § 41. Stock transferred on the books of the corporation within twenty days next preceding the election, must not be voted. § 41. Voting must be by ballot unless otherwise prescribed by the certificate of incorporation. §§ 17, 38. The transfer book controls as to right to vote. § 45.

Proxies. Voting by proxy is permitted (§§ 17, 38, 41), no proxy to be voted on more than five years after issue. § 41.

9. Directors.

Number. Not less than three; may be classified, no class to be elected for a shorter period than one year or for a longer period than five years. § 11. Directors may be removed by petition to district court for irregularity in election or if they cease to be stockholders. §§ 44, 47.

Qualifications. Directors must be stockholders. §§ 11, 44. Number of shares to qualify may be fixed by certificate of incorporation or by-laws. § 44. If a director ceases to be a stockholder, he may be removed by the district court on application of person aggrieved. § 44. One director must be a resident of the Territory. § 11.

Powers. The power to make by-laws, subject to amendment and repeal by stockholders, may be delegated to directors. § 10. They may fill vacancies on the board, unless by-laws provide otherwise. § 14. They are trustees on dissolution or expiration. §§ 61-63.

Liability. Directors are held liable for failure to publish certificate of decrease of capital stock (§ 33), for improper dividends or other division of capital stock otherwise than prescribed by law; also for loans to stockholders. To escape from liability, directors must enter their dissent on corporate records within two weeks and publish the same in newspaper in the county of the principal office. §§ 34, 54. An officer refusing to exhibit books or list of stockholders forfeits \$200 for each offence, one-half of which goes to the person suing; directors by such refusal render themselves ineligible for office at next election. § 37. Officers and directors are also ineligible to office on failure to file annual report, or failure to attempt such filing within thirty days after demand by Territorial Secretary. § 48.

Meetings. May be held outside the Territory. § 50.

Executive Committee. May be authorized by certificate of incorporation or by-laws. § 11.

10. Officers.

A president, who must be a director, and a secretary and treasurer are prescribed. The secretary must be sworn, and is to record votes of the corporation and directors. The treasurer must give bond as required by the by-laws. § 12. By-laws may provide for any other officers or agents. § 13. There must be a resident agent. §§ 49, 50. Officers may be elected by stockholders or directors, as provided by the by-laws. § 12.

11. Principal Office.

An office must always be maintained in the Territory, with an agent in charge thereof on whom process may be served. § 49. At this office the name of the corporation must be conspicuously displayed. § 51. Location may be changed by amendment (§ 30), or by a two-thirds vote of the directors duly certified and filed. § 32. For removal within the same town, precinct or city, no certificate is required. Id. Office and agent must be stated in every certificate, report or statement required of the company. § 49.

12. Corporate Books.

What Required. Transfer books and stock book, to contain the name and address of each stockholder and number of shares held by each, must be kept at principal office in State. § 37. Secretary must keep record of votes of stockholders and directors. §§ 12, 52.

Where Kept. If the corporation is duly authorized to transact business outside the Territory, no books need be kept within the Territory save the stock and transfer books. Duplicate stock and transfer books may be kept without the Territory, in which case transfers of stock must be immediately reported to the resident agent. §§ 37, 50.

Examination of. The stock and transfer books must be open to inspection by stockholders and those authorized to see them during usual hours of business (§§ 37, 50); but no one may inspect the books or list of voters for any purpose not connected with the corporate business. § 37. List of stockholders entitled to vote must be open to inspection at the principal office in the Territory at least ten days before each election. § 37.

13. Reports.

Annual Report. Is required to be filed within thirty days after every election, authenticated by the signatures of the president and any other officer or two directors, stating: (1) Name of the corporation. (2) Location (town or city, street and number, if any) of registered office in the Territory, and name of agent on whom process may be served. (3) Character of business. (4) Amount of authorized capital stock and amount actually issued and outstanding. (5) Names and addresses of officers and directors and when terms expire. (6) Date of next annual meeting of stockholders for election of directors and how appointed. A fine of \$200 against the corporation is provided for non-compliance, with other penalties against officers. § 48.

Publication is required for certificate of incorporation; for all amendments or supplements thereof, and for certificates of reduction of capital stock (§ 33) and of stockholders' non-liability. § 135. Also for dissolution, assessments and sale of stock for non-payment of same. §§ 26, 35. Publication of notices of meetings may always be avoided by personal service or waiver. §§ 15, 35.

14. Foreign Corporations.

How Authorized to Do Business. Every foreign corporation, except banking, insurance and railroad companies, before transacting business in the Territory, must file with the Territorial Secretary an authenticated copy of its charter and a statement giving its authorized capital stock, the amount thereof actually issued, the character of business it is to transact, and designating a principal office in the Territory, and an agent to receive service of process, with place of abode. Such agent must be a domestic corporation or natural person of full age actually resident in the Territory. On filing such papers, and payment of same fees as required of domestic corporations (§ 119), the Territorial Secretary issues certificate of authority. § 102.

Same publication is required as of domestic corporations (§ 135), with penalty for neglect of twenty days of forfeiture of right to do business in the Territory. § 135.

Penalties for Non-Compliance. Inability to maintain actions in the Territory on any contracts made therein. § 103. On failure to appoint and maintain agent, service of all process and notices may be made on Territorial Secretary. §§ 49, 104. There is a fine of \$200 for transacting business in the Territory without compliance with statute. § 105.

Taxation. No annual license tax. Property taxed as that of domestic companies.

Books. Same as for domestic corporations. § 37.

Reports. Same annual report is required as of domestic corporations. § 48.

Attachments Against. Lie against foreign corporation which has not complied with the law authorizing it to do business in the Territory. § 106.

15. Combinations and Monopolies.

Combinations in restraint of trade or to control price of agricultural or mining products or manufactured articles, are forbidden (C. L., 1897, § 1292-1294), with penalties of fines, \$100 to \$1,000, and imprisonment not exceeding one year. All such contracts declared void, and price of goods not recoverable in action by a concern violating the statute.

NEW YORK.

1. Corporation Laws.*

Constitution. "Corporations may be formed under general laws, but shall not be created by special act, except for municipal purposes and in cases where, in the judgment of the legislature, the objects of the corporation can not be attained under general laws." Const. 1894, Art. VIII, § 1. The legislature shall not pass a private or local bill "granting to any private corporation any exclusive privilege, immunity or franchise whatever." Art. III, § 18.

Statutes. Under the provisions of the Business Corporations Law (Laws of 1892, Ch. 691 and subsequent amendments) corporations may be formed for any lawful purpose or purposes, other than a moneyed corporation, or a corporation provided for by the banking, the insurance, the railroad or the transportation corporation laws.

Corporations so formed, and all other stock corporations are subject to the provisions of the Stock Corporation Law, except that Art. I does not apply to moneyed corporations. (Laws of 1892, Ch. 688 and subsequent amendments.)

In addition, business corporations, and all other corporations, whether stock or non-stock, unless specifically exempted, are subject to the provisions of the General Corporation Law. (Laws of 1892, Ch. 687 and subsequent amendments.)

Taxation of corporations is provided for by the Tax Law. (Laws of 1896, Ch. 908 and subsequent amendments.)

Banks, trust companies, building and mutual loan associations, investment and safe deposit companies and similar organizations are formed under the Banking Law. (L. 1892, Ch. 689.)

Insurance companies of all kinds are formed under the Insurance Law. (L. 1892, Ch. 690.)

Railway companies of all kinds are formed under the Railroad Law. (L. 1890, Ch. 565, as amended by L. 1892, Ch. 676.)

Ferry, navigation, stage coach, tramway, pipe-line, gas and electric light, water works, telegraph and telephone, turnpike, plank road and bridge corporations are formed under the Transportation Corporations Law. (L. 1890, Ch. 566.)

Religious corporations are organized under the Religious Corporations Law (L. 1895, Ch. 723), sundry corporations not for profits are formed under the Membership Corporations Law (L. 1895, Ch. 559), and benevolent corporations and orders, under the Benevolent Orders Law. (L. 1896, Ch. 377.)

* In the general references, G. C. L. refers to the General Corporation Law, S. C. L. refers to the Stock Corporation Law, and B. C. L. refers to the Business Corporations Law; amendments of 1905 included.

NEW YORK.

Enactments of 1906.

2. Taxes and Fees.

Franchise Tax. Section 182 of the Tax Law is amended and now provides that the franchise tax shall be computed upon the amount of capital stock employed during the preceding year within the State, the measure of the amount so employed to be such portion of the issued capital stock as the gross assets employed in any business within the State bear to the gross assets wherever employed in business, the location of stock held in another corporation to be that of the physical property represented by such stock.

Corporations paying dividends of 6 per centum or more upon the par value of their capital stock for any year ending with the 31st day of October, are taxed at the rate of one-quarter of a mill on each dollar of capital employed in the State for each one per centum of the dividend declared.

Corporations which do not pay dividends of 6 per cent. or more in any year are divided for purposes of taxation into two classes:

The first class which is taxed at the rate of three-fourths of one mill on each dollar of capital employed in the State, includes the following corporations:

(a) Those in which the assets do not exceed the liabilities exclusive of capital stock. (b) Those in which the average selling price of their stock for the preceding year is below its par value. (c) Those which declared no dividend during the preceding year.

The second class, which is taxed at the rate of one and one-half mills on each dollar of capital stock employed in the State, includes the following corporations:

(a) Those in which the corporate assets exceed the liabilities (exclusive of capital stock) by an amount equal to or greater than the par value of the capital stock, (b) or in which the average price at which the corporate stock sold during the preceding year was equal to or greater than its par value, provided, however, that the valuation of the stock upon which this tax is assessed shall in either of these cases be not less than the par value of the stock, nor its average selling price for the preceding year, nor the difference between its assets and liabilities, exclusive of capital stock.

If more than one kind of stock exists and the rate of dividend on the different kinds varies, the tax rate for each class is fixed separately according to the foregoing rules. L. 1906, Ch. 474, p. 1196.

General. Section 180 of the Tax Law is amended by the addition of a provision that if the stock of a corporation be decreased and then later increased, the organization tax is payable only on the excess, if any, of the increased capital stock over the original capitalization. L. 1906, Ch. 524, p. 1432.

Stock Transfer Tax. Amendments to the law regulating the tax on transfers of stock have been made as follows:

Amendments to Section 215 of the Tax Law provides that the tax

shall be two cents on each share of \$100 of face value or fraction thereof, instead of "on each hundred dollars of face value or fraction thereof." This amendment imposing a tax of two cents on every share of stock transferred regardless of its face value, instead of two cents on each one hundred dollars of face value as before, has been declared unconstitutional in *People ex rel Farrington vs. Mensching*, 187 N. Y. 8 (1907).

Amendments to the same section also provide that the Comptroller may on satisfactory proof that stamps in payment of the tax have been affixed and cancelled erroneously, refund the amount thereof.

Amendments to section 317 extend the penalties for failure to pay the tax, to transfers whether by sale or otherwise, to all deliveries in pursuance of agreements, or to deliveries of agreements to sell, made without the proper stamps affixed thereto.

Amendments to Section 321 require that a true record of all sales, agreements to sell, deliveries or transfers of shares or certificates of stock shall be kept by the parties making same with the date thereof; also that such records shall remain accessible for the Comptroller's inspection for three months from their respective dates. L. 1906. Ch. 414, p. 1008.

5. Corporate Existence.

Dissolution. Sections 2423 and 2425 of the Code of Civil Procedure, relating to voluntary dissolution, are amended as to details of procedure. L. 1906, Ch. 293, p. 684.

6. Corporate Powers.

Amendment of Charter. Section 2413 of the Code of Civil Procedure relating to change of corporate name, is amended as to details of procedure. L. 1906, Ch. 89, p. 173.

7. Capital Stock.

Increase or Decrease. Under the amendments to Section 180 of the Tax Law, if a corporation's stock is decreased and then increased, the organization tax is payable only on the excess, if any, of the increased capital stock over the original capitalization. L. 1906, Ch. 524, p. 1432.

9. Directors.

Qualifications. By amendment of Section 20 of the Stock Corporation Law, policy holders of an insurance corporation are made eligible to election as directors whether they be stockholders or no. L. 1906, Ch. 238, p. 469.

Liability. Section 41 is added to the General Corporation Law forbidding political contribution from corporations, and providing that any officer, agent or person who solicits, advises, consents to, participates in, or abets such contributions in any way is guilty of a misdemeanor, punishable by imprisonment for not more than one year and by a fine of not more than one thousand dollars. It also provides that no one shall be excused from testifying in any trial for violation of the provisions of this section, on the ground that such testimony

would convict him of a crime or subject him to a penalty, but no such evidence shall be used against such witness in any legal proceedings. L. 1906, Ch. 239, p. 470.

Amendments are found in subdivisions 2 and 3 of Section 611, of the Penal Code, providing that in addition to the previous liabilities of that section which remain unchanged, a director, officer, agent or employee of a corporation who makes or concurs in making any false entry or concurs in omitting any material entry in its books or accounts, or who knowingly concurs in making or publishing any reports or statements of its affairs or pecuniary condition, containing any material statement which is false, or omits or concurs in omitting any statement required by law to be contained therein, is guilty of a misdemeanor. L. 1906, Ch. 286, p. 595.

13. Reports.

Comptroller's Report. Section 190 of the Tax Law providing for appraisal of the capital stock of corporations by the corporate officials, is amended, such appraisal now being required when dividends are less than 6 per cent. but only if at the same time the assets exceed the liabilities, exclusive of capital stock by an amount at least equal to the par value of the stock, or if the average selling price of the stock for the year is not less than its par value.

In either of these cases a sworn appraisal of the capital stock must be made between November first and fifteenth by the president, secretary or treasurer of the corporation and must be sent in with the report to the State Comptroller. Such appraisal value must not, however, be less than the average selling price of the stock for the year, nor below its par value, nor less than the difference between the assets and liabilities, exclusive of capital stock. L. 1906, Ch. 474, p. 1198.

14. Foreign Corporations.

Taxation. Section 181 of the Tax Law is amended and now provides that the measure of the capital stock employed by a foreign corporation in the State—upon which the license fee of one-eighth of one per cent. is estimated—shall be such proportion of the issued capital stock as the gross assets employed in business in the State bear to the gross assets wherever employed in business; also that stock held in another corporation shall be deemed to be assets located where the physical property represented by such stock is located. L. 1906, Ch. 474, p. 1196.

The above laws are found in Birdseye's Rev. Statutes, 3rd and revised edition.

2. Taxes and Fees.

Organization Expenses. To State Treasurer, one-twentieth of one per cent. (50 cents for each \$1,000) upon the amount of capital stock authorized by the certificate of incorporation, but in no case less than \$1. Tax Law, § 180.

To Secretary of State: Filing fee, \$10; recording fee, 15 cents for each folio (100 words). For copy of charter, if desired, 15 cents per folio and \$1 additional for certifying same under the Great Seal.

To County Clerk for filing certified or duplicate copy of charter, 6 cents; for recording same, 10 cents per folio. Code of Civ. Pro., § 3304.

Franchise Tax. An annual franchise tax is imposed and is computed upon the capital stock employed in the State. Tax Law, § 182. A corporation carrying on its entire business outside the State is exempt from this tax.

Corporations paying not less than 6 per cent. annual dividends in any year are taxed for that year at the rate of one-quarter of a mill for each one per cent. of dividend, on every dollar of capital stock employed in the State. Id.

Corporations paying a dividend in any year less than 6 per cent. are taxed for that year at the rate of one and one-half mills upon such portion of the capital stock at par as the amount of capital employed within the State bears to the entire capital of the corporation. Id.

Corporations paying no dividend in any year are for that year taxed at the rate of one and one-half mills on each dollar of the appraised value of the capital stock employed within the State. Id.

In the first two cases the value of the capital stock does not enter in, the tax being computed on its par value. The amount of capital stock employed in the State, and, in the third case, its value, are determined by the State Comptroller from reports submitted by the corporation officials. These reports are submitted between the 1st and 15th days of November of each year on blanks furnished by the Comptroller and cover the year ending the 31st day of the preceding October. Tax Law, §§ 189, 190. (See "Reports.")

Laundry corporations, manufacturing corporations to the extent only of the capital actually employed in the State in manufacturing, and in the sale of the products of such manufacturing, and mining corporations, wholly engaged in mining ores within the State, are exempt from payment of the annual franchise tax when not less than forty per cent. of the capital stock is invested and used within the State in such laundry, manufacturing or mining business. Tax Law, § 183.

Local Taxation. Real estate belonging to corporations is taxed in the district in which it lies in the same manner as the real estate of individuals. Tax Law, § 11. All other property, after deduction of assessed value of real estate, debts of the corporation and non-taxable property—including any surplus or reserve up to an amount equal to ten per centum of its capital (Tax Law, § 12)—is taxed at

the place in which its principal office is situated. Id., § 11. Such property is assessed at its actual value. Id., § 12.

General. Fee to State Treasurer on increase of capital stock is one-twentieth of one per centum of the increased amount, but in no case less than one dollar. Tax Law, § 180. Filing and recording fees for charter amendments, same as for original certificate. Fee to Secretary of State for recording certificate of payment of capital stock or other instruments, 15 cents for each 100 words. L. 1892, Ch. 683.

A transfer tax of 2 cents on each \$100 or fraction thereof is imposed upon all sales, or agreements or memoranda of sales or deliveries, or transfer of shares or certificates of stock in any domestic or foreign corporation, made after June 1, 1905. Payment of such tax is to be denoted by an adhesive stamp, affixed to the certificate or other evidence of transfer, or placed upon the books of the company if the sale or transfer is only evidenced by the books. The person affixing any such stamp shall write or stamp thereon the initials of his name and the date of affixing and shall cut or perforate the same in a substantial manner so that it can not be again used. No transfer of stock upon which such tax is not paid at the time of transfer shall be made the basis of any action or legal proceeding nor shall proof thereof be offered or received in evidence in any court of the State. L. 1905, Ch. 241. Failure to pay tax, or to cancel stamps when affixed, is a misdemeanor, punishable by fine and imprisonment, also by additional civil penalty of \$500 for each violation. Id. The State Comptroller holds that this tax must be paid on an original issue of stock.

3. Incorporation.

Incorporators. May be any number not less than three, must be natural persons of full age, at least two-thirds of them must be citizens of the United States and at least one must be a resident of the State. G. C. L., § 4. B. C. L., § 2.

Certificate of Incorporation. This is usually prepared in triplicate,—two copies for filing as required by statute (See "Filing and Recording"), and one copy to be retained by the corporation. Each of these copies should be duly signed by the incorporators and the two filing copies must in addition be acknowledged by the incorporators before a notary public or other official authorized to take acknowledgments to deeds. The certificate must be in the English language (G. C. L., § 5) and contain (B. C. L., § 2):

(1) Name of the proposed corporation, which must not be the same as that of any other corporation authorized to do business in the State, or so nearly similar as to be calculated to deceive. Nor must it contain the word trust, bank, banking, insurance, assurance, indemnity, guarantee, guaranty, savings, investment, loan or benefit. G. C. L., § 6.

(2) Purpose or purposes for which it is to be formed, which may be any lawful business allowable under the Business Corporations Law. (See "Corporation Laws.")

(3) Amount of capital stock, and if any portion be preferred stock, the preferences thereof. Different classes of preferred stock are expressly allowed. S. C. L., § 47.

(4) Number of shares of which the capital stock shall consist, each of which shall not be less than five nor more than one hundred dollars, and the amount of capital, not less than five hundred dollars, with which the corporation will begin business.

(5) City, village or town in which its principal business office is to be located, and, if in the City of New York, the borough therein in which it is to be located.

(6) Duration, which may be any number of years or may be perpetual if so stated.

(7) Number of its directors, not less than three.

(8) Names and post-office addresses of the directors for the first year, one of whom at least must be a resident of the State (G. C. L., § 29), and all of whom must be stockholders unless otherwise provided in the charter or stockholders' by-laws. S. C. L., § 20.

(9) Names and addresses of the subscribers to the certificate and a statement of the number of shares of stock which each agrees to take in the corporation.

(10) Any other provisions for the regulation of the business and the conduct of the affairs of the corporation and any limitation upon its powers and upon the powers of its directors and stockholders which does not exempt them from any obligation or from the performance of any duty imposed by law. B. C. L., § 2; G. C. L., § 10.

The statute last quoted gives broad scope for the regulation of the corporate affairs by charter provisions. In addition, the following general charter provisions are specifically authorized: To hold and dispose of the stocks and bonds of other corporations (S. C. L., § 40); to issue partly paid stock (S. C. L., § 62); cumulative voting in elections of directors, and limitations upon the voting right (G. C. L., § 20); waiver of the statute requirement that directors must be stockholders (S. C. L., § 20); creating one or more classes of preferred stock (S. C. L., § 47); classification of directors (S. C. L., § 20); requiring the consent of more than two-thirds in interest of the stockholders to extend the corporate existence. G. C. L., § 32 (as amended by L. 1905, Ch. 256). If directors' meetings are to be held only within the State, the certificate or by-laws must so provide. B. C. L., § 2.

Filing and Recording. State. The duly executed certificate of incorporation is sent to the Secretary of State, together with filing fee of \$10 and recording fee of 15 cents for each 100 words of its subject matter. G. C. L., § 5; L. 1892, Ch. 683.

At the same time the organization tax of one-twentieth of one per cent. on the total authorized capital must be sent to the State Treasurer who notifies the Secretary of State that such tax has been received. If the certificate of incorporation is in due and acceptable

form this latter official notifies the State Treasurer that such is the case and files and records the instrument. He then sends official notice of the receipt and filing of the certificate to the party from whom it was received, and the State Treasurer also sends his receipt for the organization tax. The Secretary of State can not file the certificate until the organization tax has been paid and he has been formally notified thereof. Tax Law, § 180.

Remittance to either official may be by check, money order or other convenient method. Checks sent in payment of organization tax must, by rule of the Treasurer's office, be certified.

Filing and Recording. Local. As soon as the Secretary of State's notification of filing and the Treasurer's receipt for organization tax are received, the duplicate original—signed and acknowledged exactly as was the original and with the receipt for organization tax from the State Treasurer attached—must be filed in the office of the County Clerk in the place where the corporation has its principal office. G. C. L., § 5. Filing fee, 6 cents. Recording fee, 10 cents for each 100 words contained in the instrument. Code Civ. Pro., § 3304. The County Clerk is not permitted to file the certificate unless it is accompanied by the Treasurer's receipt for organization tax. Tax Law, § 180.

If for any reason desirable, a copy of the original charter, certified by the Secretary of State, may be filed in the office of the County Clerk instead of a duplicate original. G. C. L., § 5. The duplicate original is, however, usually more convenient and less expensive.

4. Organization.

First Meetings. As the directors for the first year are named by the charter (B. C. L., § 2) and have power to adopt by-laws, subject to those of the stockholders (G. C. L., § 29), the first meeting of stockholders loses much of its importance and is sometimes omitted entirely. Usually, however, it is held, being assembled by call and waiver, or by publication of notice thereof, at least once in each week for two successive weeks immediately preceding such meeting, in a local newspaper. G. C. L., § 39; S. C. L., § 20. At this meeting by-laws are adopted, and, if the stock of the corporation is to be issued in whole or in part for property, such exchange is approved by formal resolution. Meeting must be held within the State. Stockholders may be represented by proxy. G. C. L., §§ 20, 21.

The first meeting of directors is usually assembled by means of call and waiver, otherwise by any method prescribed by the by-laws for calling special meetings of the board. Unless otherwise provided by charter or by-laws it may be held without the State. B. C. L., § 2. At this meeting the directors elect officers; adopt any necessary by-laws in harmony with those adopted by the stockholders, direct any exchange of stock for property by formal resolution, and authorize the officers to effect the same and take any other steps that may be necessary to start the business of the new company.

The use of "dummy" incorporators and directors is allowable and common.

By-Laws. By-laws for the management of the property of the corporation, the regulation of its affairs, the transfer of its stock

and the calling of meetings for its members, may be adopted by stockholders, and, subject to the by-laws adopted by the stockholders, also by the directors. G. C. L., §§ 11, 29. Such by-laws may fix the amount of stock necessary to constitute a quorum. By-laws duly adopted by the stockholders shall control the action of directors. By-laws adopted by the directors regulating the election of directors or officers, shall not be valid unless published once a week for two successive weeks, and at least thirty days before such election, in a local newspaper. G. C. L., § 11. The time and place of electing directors should be fixed by the by-laws (S. C. L., § 20), as also the manner of appointing inspectors of election. Id., § 28. The manner of transferring stock should be prescribed by the by-laws. Id., § 40.

Certificates. None are required to show completed organization, but within one year from incorporation at least one-half the capital stock must be paid in and a certificate thereof, signed and acknowledged by a majority of the directors and verified by the president or vice-president and the secretary or treasurer, must be made and filed in the offices where certificates of incorporation are filed. Failure to make payment of one-half capital stock within the statutory limits renders the corporation liable to dissolution on procedure therefor. B. C. L., § 5. No penalty for failure to file certificate of payment.

5. Corporate Existence.

When Commenced. On filing of certificate of incorporation in the office of Secretary of State, provided all fees have been paid. May be perpetual if so expressed in the charter or for a term of years. B. C. L., § 2.

Beginning Business. May not be commenced until the amount of capital—which may not be less than \$500—mentioned in the charter as the amount with which the corporation will commence business, has been paid in money or property (B. C. L., § 3), but must be begun within two years from the date of organization. G. C. L., § 31.

Renewal. May be effected at any time before expiration of the charter period by consent of two-thirds in interest of the stockholders either expressed in writing or by vote at a special meeting called upon the same notice as that prescribed for the annual meeting, the certificate of such consent, under the corporate seal, to be subscribed and acknowledged by the president or a vice-president and the secretary or an assistant secretary and filed as was the original certificate of incorporation, such extension to be also noted on the margin of the records of the original certificate. G. C. L., § 32. A majority of more than two-thirds in interest of the stockholders may be required for extension of corporate existence if so provided in the charter. G. C. L., § 32 (as amended by L. 1905, Ch. 256). After expiration of the charter period a corporation having outstanding bonds unmaturred and unpaid may be revived by due application to the Supreme Court for a period not exceeding the original period. Id., § 32.

Forfeiture of Charter. Is prescribed for failure to begin business within two years from the date of organization (G. C. L., § 31), for

failure to make payment of one-half of capital stock in one year from date of organization (B. C. L., § 5), and for intentional failure to pay franchise taxes one year after notification thereof. Tax Law, § 200. Any such forfeiture of charter is only after due and formal procedure.

Dissolution. Before any part of the capital stock has been paid, dissolution may be effected by means of a certificate signed by the incorporators setting forth the fact, stating that there are no liabilities and surrendering all corporate rights and franchises. S. C. L., § 61.

Thereafter voluntary dissolution may be effected by vote of two-thirds in interest of the stockholders taken in pursuance of and in connection with detailed formalities prescribed by the statute (S. C. L., § 57), or by petition of a majority of the directors to the Supreme Court. Code Civ. Pro., §§ 2419-2429.

6. Corporate Powers.

General. The usual powers are enumerated. G. C. L., § 11.

To Hold Property. Authority is given to acquire by grant, gift, purchase, devise or bequest, to hold and to dispose of such property as the purposes of the corporation shall require, subject to such limitations as may be prescribed by law. G. C. L., § 11. Also power to acquire and dispose of such property as shall be requisite for the convenient transaction of business in other states. G. C. L., § 14. Power to acquire property is also given in the Stock Corporation Law, § 42.

Its Own Stock. A corporation may take its own stock in payment for debts which the directors may deem bad or doubtful. S. C. L., § 23. When stock is issued for property it is a customary practice for a portion of the stock so issued to be returned to the corporation to be used for its purposes.

Stock of Other Corporations. This power is given by statute as to stock of similar or related corporations and may be secured as to other corporations by proper charter provision. S. C. L., § 40.

When one corporation holds stock in another, its directors and officers are eligible as directors in the other corporation as if they were individually stockholders therein. S. C. L., § 40.

To Borrow Money. Every stock corporation shall have the power to borrow money and contract debts, when necessary for the transaction of its business, or for the exercise of its corporate rights, privileges or franchises, or for any other lawful purpose of its incorporation. S. C. L., § 2.

Mortgages, except purchase money mortgages, must be authorized by two-thirds in interest of the stockholders of the corporation, such consent to be in writing or by vote at a special meeting called for the purpose by the same notice as for annual meetings. Such consent must be certified under the corporate seal, be subscribed and acknowledged by the president or a vice-president and by the secretary or an assistant secretary and be filed and recorded in the office of the clerk or register of the county in which the corporation has its principal place of business. Id., § 2.

Bonds issued in pursuance of such authority may contain a provision that they shall be convertible into stock of the corporation not less than two nor more than twelve years from the date of the mortgage. S. C. L., § 2. Shall only be issued for money, labor done or property actually received for the use and lawful purposes of the corporation. S. C. L., § 42. Judgment of directors as to value of property shall, however, in the absence of fraud, be conclusive. Id., § 42. Bonds of other similar corporations may be guaranteed. S. C. L., § 40.

To Do Business in Other States. This is given by implication in the Business Corporations Law (§ 2) which provides that if meetings of the directors are to be held only within the State it must be so provided in the certificate of incorporation; also in the General Corporation Law (§ 14) providing for the acquisition of property by corporations transacting business in other states. This power is usually provided for explicitly in the certificate of incorporation.

Consolidation or Merger. Any two or more corporations organized for the purpose of carrying on any kind of a business of the same or of a similar nature which a corporation organized under the Business Corporations Law might carry on, may consolidate such corporations into a single corporation. B. C. L., § 8. Detailed directions for such consolidation are given. Id., §§ 8-12.

Any corporation lawfully owning all the stock of any other corporation organized for, or engaged in business similar or incidental to that of the possessor corporation, may merge said other corporation and become possessed of all its property, rights, privileges and franchises, but without prejudice to any liabilities of such other corporation or to the rights of any creditors thereof. S. C. L., § 58.

Amendment of Charter. Informalities or obvious defects in the certificate of incorporation may be corrected by an amended certificate made and filed by the incorporators or the directors of the corporation. Also the Supreme Court may on cause shown, and with notice to the Attorney General and upon the terms and conditions imposed by the court, amend any certificate of incorporation so as to truly set forth the objects and purposes of the corporation. G. C. L., § 7.

Amendments may also be had to include any purposes, powers or provisions allowable to corporations of the same general character by execution of an amended certificate by the president and secretary, pursuant to vote of a majority of the directors and to vote of three-fifths in interest of the capital stock. S. C. L., § 32 (as amended by L. 1905, Ch. 751).

Corporate name may be changed on resolution of directors, by petition to Supreme Court. Code of Civil Procedure, §§ 2411-2417. Number of directors may be changed by action of a majority in interest of the stockholders, or by unanimous consent of all the stockholders without a meeting. S. C. L., § 21. Capital stock may be increased or reduced by action of a majority in interest of the stockholders expressed at a meeting duly called for the purpose, or by unanimous consent of the stockholders expressed in writing. S. C. L., §§ 44, 45, 46. Number of shares may be increased or decreased by two-thirds vote of all the stock. S. C. L., § 56. Change of principal office and place of business may be effected by unanimous written

consent of all the stockholders or by vote of the stockholders at a special meeting. S. C. L., § 59.

All amendments of the certificate of incorporation must be filed in the same offices as the original certificate.

7. Capital Stock.

Amount. Must not be less than \$500. B. C. L., § 2.

Initial Payment. The amount of capital with which the corporation begins business must not be less than \$500 (B. C. L., § 2), and this amount must be paid in full in money or property before the corporation may begin business. B. C. L., § 3. One-half the total capital stock must be paid in within one year of incorporation. B. C. L., § 5. (See "Reports.")

Consideration for Issue. No corporation shall issue either stock or bonds except for money, labor done or property actually received for the use and lawful purposes of such corporation. Any corporation may purchase any property authorized by its certificate of incorporation, or necessary for the use and lawful purposes of such corporation, and may issue stock to the amount of the value thereof in payment therefor, and the stock so issued shall be full paid stock and not liable for any further payment under any of the provisions of the Stock Corporation Law; and in the absence of fraud in the transaction, the judgment of the directors as to the value of the property purchased shall be conclusive. S. C. L., § 42.

Increase or Decrease. The capital stock may be increased or decreased, not below the minimum prescribed by law (\$500, B. C. L., § 2), either without a meeting by unanimous consent of the stockholders expressed in writing and signed by all the stockholders in person or by proxy, or by vote of a majority in interest of the stockholders cast at a meeting specially called for that purpose. Notice of such meeting stating the time, place, object and the amount of increase or reduction proposed, signed by the president or a vice-president and the secretary, must be published once a week for at least two successive weeks in a local newspaper, and a copy of such notice be mailed to each stockholder at least two weeks before the meeting, or be served on him personally at least five days before the meeting. The chairman and secretary must be chosen from the stockholders. A certificate of the proceedings at such meeting showing a compliance with the requirements of the law, the amount of capital theretofore authorized, the proportion issued, the amount of the increased or decreased capital stock, and, if the latter, the whole amount of the ascertained debts of the corporation, shall be made, signed, verified and acknowledged by the chairman and secretary of the meeting and be filed in the same office as the original certificate of incorporation. If the increase or decrease has been authorized by unanimous consent, a certificate of such consent must be verified and filed as before. In no case shall the capital stock be reduced below the corporate debts and liabilities, and no existing liabilities of stockholders shall be relieved thereby, and the certificate of decrease shall bear upon it the approval of the State Comptroller. S. C. L., §§ 45, 46.

When any such certificate has been filed the amount of capital

stock shall be increased or reduced as the case may be to the amount therein specified. S. C. L., § 46. The proceedings of the meeting at which any change of capital stock was authorized, or a copy of the consent by which such change was effected shall appear upon the minute book of the corporation. Id., § 46. Fees on any increase of capital stock, one-twentieth of one per cent. of the increase, but not less than one dollar. Tax Law, § 180.

Classes of Stock. Corporations may issue common and preferred stock and different classes of preferred stock, if the certificate of incorporation so provides, or by the consent of holders of record of two-thirds of the capital stock, given at a meeting called for that purpose upon notice such as is required for the annual meeting, a certificate of the proceedings thereat to be signed and sworn to by the president and a vice-president and the secretary or an assistant secretary and duly filed and recorded in the offices where the original certificate of incorporation was filed. S. C. L., § 47. When authorized by the charter, the preferences of stock must be set forth therein. B. C. L., § 2.

Par Value of Shares. May not be less than \$5 nor more than \$100. B. C. L., § 2. Number of shares may be increased or decreased without change of authorized capital—thereby changing the par value of shares—by two-thirds vote of all the stock. S. C. L., § 56.

Stock Certificates. The stock of every stock corporation shall be represented by certificates prepared by the directors and signed by the president or vice-president and secretary or treasurer and sealed with the seal of the corporation. S. C. L., § 40.

If a certificate is lost or destroyed and the corporation refuses to issue a new certificate in place thereof, application for such re-issue may be made to the Supreme Court at the residence of the stockholder or at the location of the corporation. S. C. L., §§ 50, 51.

Transfer of Stock. A transfer of stock is not valid as against the corporation, its stockholders and creditors, except to convey the liabilities of a stockholder, until entered in the stock book (See "Corporate Books") by an entry showing from and to whom transferred. S. C. L., § 29. As between the buyer and seller the transaction is, however, complete as soon as the certificate is duly assigned.

8. Stockholders.

Rights and Powers. Unless otherwise provided in the certificate of incorporation, stockholders of record shall be entitled at every meeting of the corporation to one vote for every share of stock standing in their names on the books of the corporation. G. C. L., § 20. By a by-law adopted by vote at any annual meeting, or at any special meeting duly called for such purpose, they may prescribe a period, not exceeding forty days, prior to meetings of the stockholders, during which no transfers of stock on the books of the corporation may be made. Id., § 20. May form voting trusts for terms not exceeding five years. Id., § 20. May call for the stock books at any stockholders' meeting. Id., § 20. May vote by proxy. Id., §§ 20, 21.

Stockholders have power to make by-laws which shall control the action of directors and by which the amount of stock necessary to constitute a quorum, except for annual meeting, may be fixed. G. C. L., § 11. May designate by by-law, the number of directors—not less than one-third the whole number—necessary to constitute a quorum. G. C. L., § 29. May inspect stock books. S. C. L., § 29. May require financial statements from treasurer. S. C. L., § 52. All amendments to charter, except correction of obvious defects or omissions, and change of name, must be authorized by the stockholders. Also the following corporate actions must be authorized by the stockholders before they may be undertaken: Mortgage of corporate property, except for purchase money (S. C. L., § 2), guarantee of bonds of other similar corporations (S. C. L., § 40), sale of entire property to similar corporation (S. C. L., § 33), consolidation of corporation (B. C. L., §§ 8, 9), extension of corporate existence (G. C. L., § 32), dissolution (S. C. L., § 57).

Liability. Every holder of capital stock not fully paid is personally liable to creditors of the corporation to an amount equal to the amount unpaid on the stock held by him (S. C. L., § 54), but no such liability is enforceable until judgment has been recovered against the corporation and execution thereon has been returned unsatisfied in whole or in part, and no stockholder shall be personally liable for any corporate debt not payable within two years from the time it is contracted, nor unless action is brought within two years after the debt becomes due, nor may any action be brought against a stockholder after he ceases to be a stockholder unless brought within two years from the time he shall have ceased to be a stockholder. S. C. L., § 55. The liability on unpaid stock is not relieved by a decrease of capital stock, as to debts existing prior to such decrease. S. C. L., § 44.

Stockholders of a corporation are jointly and severally personally liable for all debts due and owing to any of its laborers, servants or employees for services rendered the corporation, but notice of the intention to enforce such liability must be given by the employee in writing within thirty days after the termination of his services to the corporation. S. C. L., § 54.

Meetings. No statute exists permitting stockholders to meet outside the State and in the absence of any such enabling act, their meetings must be held within the State. Elections of directors are to be held at the time and place fixed by the by-laws (S. C. L., § 20) though special elections of directors must be held at the principal office of the corporation. G. C. L., § 25.

Notice. Of the time and place of holding any election of directors, or annual meeting, shall be given by publication thereof, at least once in each week for two successive weeks immediately preceding such election, in a newspaper published in the county where such election is to be held, and in such other manner as may be prescribed in the by-laws. S. C. L., § 20.

Other meetings, except when otherwise required by law or the by-laws of the corporation, are to be called in the same manner as the annual meeting. G. C. L., § 39.

The most important of the meetings, notice for which is prescribed by the statutes, are as follows: On the same notice as that required for the annual meetings of the corporation; to mortgage

corporate property (S. C. L., § 2); to sell entire property to another corporation (S. C. L., § 33); to create preferred stock (S. C. L., § 47); to extend corporate existence (G. C. L., § 32). On prescribed notice other than for annual meeting; postponed election of directors (G. C. L., § 24), increase or decrease of capital stock (S. C. L., § 45), change of number of directors (S. C. L., § 21), to alter certificate of incorporation (S. C. L., § 32), to dissolve corporation (S. C. L., § 57), guarantee of bonds of another corporation (S. C. L., § 40).

Any meeting may, however, be held without notice, if such action be authorized or approved, and the requirements thereof be waived in writing by every stockholder either in person or by attorney. G. C. L., § 38.

Quorum. At stockholders' meetings may be fixed by the by-laws (G. C. L., § 11), except for elections of directors (G. C. L., § 26) (S. C. L., § 20) where the stockholders in attendance constitute a quorum without regard to the amount of stock represented.

Voting. Stockholders of record are entitled to one vote for every share of stock held unless otherwise provided by the certificate of incorporation. G. C. L., § 20. Stockholders may vote in person or by proxy. Id., §§ 20, 21. Proxies must be in writing and be executed by the stockholder himself or his duly authorized attorney. Id., § 21. No proxy valid after eleven months from the time of its execution unless some longer limited period be specified in the proxy. Id., § 21. Every proxy shall be revocable at pleasure. Id., § 21. The pledgee of stock holding such stock in his own name shall, except in cases of express trust, or written agreement to the contrary, issue a proxy to the actual owner. Id., § 20. No stockholder shall sell his vote or issue a proxy to any person for any sum of money or anything of value. Id., § 20.

Cumulative voting may be had by proper charter provision. G. C. L., § 20. The stock book is evidence of the rights of stockholders to vote (Id., § 20), but in the absence of the stock book this right may be established for special elections of directors by oath of the parties claiming the right. G. C. L., § 26.

Inspectors of Election. Shall be appointed in the manner prescribed by the by-laws. S. C. L., § 28. Directors and officers in a monied corporation are not eligible. Id., § 28. Their number is not prescribed but as they are invariably referred to in the statutes in the plural, should be at least two in number. Inspectors for the first annual meeting and any previous election of directors held by the stockholders are to be appointed by the board of directors named in the charter. Id., § 28. Any inspector absent or refusing to act at any election may be replaced by the meeting. Id., § 28. Inspectors must be sworn and are entitled to a reasonable compensation for their services. Id., § 28. Their oaths duly subscribed must be immediately filed, together with a certificate of the result of the election, in the office of the Clerk of the County in which the election is held. Id., § 28. Inspectors violating their oaths are guilty of misdemeanor. Penal Code, § 613. Inspectors may challenge voters. G. C. L., § 22.

Voting Trusts. Are authorized by the General Corporation Law as follows: A stockholder may, by agreement in writing, transfer his stock to any person or persons for the purpose of vesting in him or them the right to vote thereon for a time not exceeding five years upon terms and conditions stated. Any such agreement must be open to the participation of every other stockholder of the corporation,

if desired, and a duplicate of every such agreement must be filed in the principal office of the corporation and be open to the inspection of every stockholder during business hours. G. C. L., § 20. The stock of the members entering the trust must be surrendered and re-issued in the names of the trustees, and the fact that these latter are trustees must appear both on such certificates and on the books of the corporation. Id., § 20.

9. Directors.

General. At least one-fourth in number of the directors shall be elected annually. S. C. L., § 20. This provision permits the classification of directors into not more than four classes, the members of one class to be elected each year. Vacancies in the board shall be filled in the manner prescribed in the by-laws. Id., § 20. On dissolution the directors are trustees—unless other trustees are appointed by competent authority—with full power to settle the affairs of the corporation. G. C. L., § 30. If directors are not elected on the day designated in the by-laws, every director shall continue to hold office and discharge his duties until his successor has been elected. G. C. L., § 23. If election of directors is not held on the day designated in the by-laws, the directors shall forthwith call a special meeting of the stockholders for the purpose. Id., § 24. If directors fail to call such meeting, any stockholder may do so on prescribed notice. Id., § 24. For details of such special meetings, see General Corporation Law, §§ 24-26.

Number. Not less than three. B. C. L., § 2. No maximum number prescribed. May be changed within the limits of the law by a majority vote of the stockholders cast at a meeting held on two weeks' notice in writing at the usual place of meeting of the directors. S. C. L., § 21. Number may also be changed without a meeting by unanimous consent of all the stockholders. Full details of procedure are prescribed by the statute. S. C. L., § 21. If number of directors is increased, the additional directors shall be elected by a majority vote of the directors then in office. If the board is classified, the terms of the classes expiring at different times, the new directors shall be apportioned among these classes so as to preserve as nearly as may be the same relative proportion. S. C. L., § 21 (amendment of 1905).

Qualifications. Directors must be stockholders unless this requirement is waived by the charter or in a stockholders' by-law. S. C. L., § 20. At least one director must be a resident of the State. G. C. L., § 29.

Powers. The affairs of every corporation shall be managed by a board of directors. G. C. L., § 29. Directors may make by-laws subject to those adopted by the stockholders. G. C. L., §§ 11, 29. Any desired limitation upon the powers of the directors, if legally permissible, may be inserted in the certificate of incorporation. B. C. L., § 2; G. C. L., § 10. Directors may appoint officers with such powers and duties in the affairs of the corporation as may be given them by the board or the by-laws. S. C. L., § 27. May require security from officers. Id., § 27. May remove them at pleasure. Id., § 27. They may elect new directors on increase of number. L. 1905, Ch. 750.

Liability. Directors are jointly and individually liable to the corporation and its creditors for making unauthorized dividends; or for withdrawing, or in any way paying to the stockholders, or any of them, any part of the capital; or for reducing the capital stock in any unauthorized way, the loss sustained by any such unlawful action being the measure of their liability. S. C. L., § 23. Such action is also a misdemeanor under the Penal Code, § 594. But any director absent from the meeting where such unlawful action was taken, or, if present, causing his dissent from such action to be entered on the minutes at large, is not liable therefor. S. C. L., § 23.

Directors and officers are jointly and severally, personally liable for making loans to stockholders, for discounting any note or other evidence of debt for stockholders, or for receiving the same for any payment, in whole or in part, due or to become due on any stock in the corporation, or for receiving or discounting any note or other evidence of debt to enable any stockholder to withdraw any part of the money paid in by him on his stock. S. C. L., § 25. The directors and officers involved shall "jointly and severally, be personally liable to the extent of such loan and interest, for all debts of the corporation contracted before payment of the sum loaned, and to the full amount of the notes or other evidences of debt so received or discounted, with interest from the time such liability accrued." S. C. L., § 25. Such unlawful action is also a misdemeanor under the Penal Code, § 594.

Directors and officers making transfers of the corporate property to officers, directors or stockholders, to avoid payment of debt, or in anticipation of insolvency, or in event of insolvency with intent to prefer or defraud creditors, shall be personally liable to the stockholders and creditors of the corporation to the full extent of any loss sustained. S. C. L., § 48.

Directors and officers are also jointly and severally, personally liable for any reports or public notices made by them which shall be false in any material respect, to the amount of damage sustained by stockholders or creditors acting upon the faith thereof. Action must be brought within two years from the time any such report was made. S. C. L., § 31. Directors and officers making or concurring in such false reports are guilty of a misdemeanor. Penal Code, § 611.

Any directors or officers having custody or control of the stock books of the corporation, wilfully neglecting or refusing to make any proper entry as required by law, or refusing inspection thereof to any person entitled by law to inspect the same, are guilty of a misdemeanor. Penal Code, § 611.

A director is deemed to have such knowledge of the corporate affairs as to enable him to determine whether any act, proceeding or omission of the board to which he belongs, is in violation of the provisions of the Penal Code relating to directors, and, if in violation thereof, he must, if present, to escape liability therefor, cause, or in writing require his dissent to be entered on the minutes of the directors. Or, if absent from the particular meeting, he will nevertheless be held liable for any violations of the Penal Code occurring thereat—if they appear upon the minutes—unless he ceases to be a director within six months thereafter, or, otherwise, causes, or requires in writing his dissent to be entered on the minutes within that period. Penal Code, § 614.

Officers neglecting or refusing to make annual report within ten days after written request by a creditor or stockholder shall forfeit

to the people the sum of fifty dollars for every day they shall so refuse or neglect. S. C. L., § 30.

Meetings. Directors' meetings may be held within or without the State unless expressly restricted to the State by charter or by-law provision. B. C. L., § 2. There are no statutory requirements as to place of meeting.

Quorum. May be fixed by by-laws adopted by the stockholders, at any number not less than one-third of the total membership of the board. G. C. L., § 29. If not otherwise provided, a majority of the membership is required to constitute a quorum. Id., § 29. When a quorum is present a majority of those present may act and such action is the action of the board. Id., § 29.

Executive Committee. There is no statutory authority for the appointment of an executive or other standing committee. The appointment of such committees is, however, general, and there is no doubt that the board may delegate its authority to properly constituted standing committees. *Sheridan El. L. Co. v. The Chatham National Bank*, 127 N. Y. 517 (1891); *Olcott v. Tioga Railroad Co.*, 27 N. Y. 546 (1863).

10. Officers.

A president, who must also be a director, a secretary, treasurer, and other officers, agents and employees may be appointed by the board of directors. S. C. L., § 27. Have such powers and duties as are prescribed by the directors or the by-laws. Id., § 27. May be removed by the board at pleasure. Id., § 27. Board may require security from them. Id., § 27. (For liabilities of officers, see "Liability" under heading "Directors.") Names and addresses are to be included in annual report.

11. Principal Office.

The name of the city, village or town in which the principal office is to be located must be given in the certificate of incorporation. If in the City of New York, the borough in which it is located must also be given. B. C. L., § 2. Its location may be changed at any time. S. C. L., § 59. (See "Amendments.") Personal property of the corporation is assessed in the tax district where the principal office is located. Tax Law, § 11. Special elections of directors must be held in principal office. G. C. L., § 25. Stock book and books of account must be kept in the principal office. S. C. L., § 29. The term "office of a corporation" as used in the statutes means its principal office in the State. G. C. L., § 3.

12. Corporate Books.

Books Required. Every stock corporation shall keep at its office correct books of account of all its business and transactions, and a book to be known as the stock book, containing the names, alphabetically arranged, of all persons who are stockholders of the cor-

poration, showing their places of residence, the number of shares of stock held by them respectively, the time when they respectively became the owners thereof, and the amount paid thereon. S. C. L., § 29. No transfer of stock shall be valid as against the corporation, its stockholders and creditors for any purpose, except to render the transferee liable as a stockholder for the debts of the corporation, until it shall have been entered in the stock book by an entry showing from and to whom transferred. Id., § 29. The stock book is evidence as to who is entitled to vote at elections of directors. G. C. L., § 20.

Where Kept. In principal office in the State. S. C. L., § 29.

Examination of. The stock book shall be open daily, during at least three business hours for the inspection of the stockholders and judgment creditors, who may make extracts therefrom. S. C. L., § 29. No statutory provisions as to examination of books of account.

13. Reports.

Annual Report. Every corporation must during the month of January make a report as of the first day of January, stating: (1) The amount of its capital stock, and the proportion actually issued. (2) The amount of its debts or an amount which they do not exceed. (3) The amount of its assets or an amount which its assets at least equal. (4) The names and addresses of all the directors and officers of the company. Foreign corporations must also include the name of their resident agent as appointed under the provisions of the Code. (See "Foreign Corporations.") Corporations doing business outside the United States are allowed until May 1st to make report.

This report is to be made by the president or a vice-president or the treasurer or a secretary of the corporation and be filed in the office of the Secretary of State. S. C. L., § 30 (amended by L. 1905, Ch. 415). No penalty is prescribed for failure to file this report unless such filing is requested by a creditor or stockholder of the corporation. In such event the report must be filed within ten days under penalty of fifty dollars for each day thereafter that such neglect or refusal shall continue. Id., § 30. The annual report is not usually filed unless so requested.

Comptroller's Report. On or before November 15th of each year a written report must be made to the State Comptroller, showing the condition of the corporation at the close of business on October 31st preceding, stating the amount of its authorized capital stock, the amount of stock paid in, the date and rate per centum of each dividend declared by it during the year ending with such day, the entire amount of the capital of such corporation, and the capital employed by it in the State during such year. Tax Law, § 189. This report is made on blanks furnished by the Comptroller and is the basis for determination of the franchise tax. (See "Franchise Tax.") In case no dividends, or dividends of less than six per cent. have been declared, this report must be accompanied by an estimate or appraisal, made by the treasurer or secretary, of the actual cash value of the capital stock, not less, however, than the average selling price for the year. Tax Law, § 190. Comptroller may require additional and

special reports. Tax Law, § 191. Reports must have annexed thereto affidavit of president or vice-president, secretary or treasurer, to the effect that the statements contained are true. Id.

General. Local reports for taxation are made in accordance with local requirements.

Certificates of the result of elections of directors must be made by the inspectors of election, and, accompanied by their duly subscribed oaths, must be filed forthwith in the office of the clerk of the county in which the election was held. S. C. L., § 28.

Certificate of payment of one-half of capital stock must be filed in the same offices as the certificate of incorporation within thirty days after payment thereof. Such payment must be made within one year from the date of incorporation. Penalty for non-payment may be dissolution of corporation. B. C. L., § 5. No penalty is provided for failure to file report.

14. Foreign Corporations.

How Authorized to Do Business. A sworn copy, in the English language, of the charter, or certificate of incorporation, is to be filed in the office of the Secretary of State. Also a statement under the corporate seal particularly setting forth the business or objects of the corporation which it is engaged in carrying on or which it proposes to carry on within the State, and a place within the State which is to be its principal place of business, and designating a person, who must have an office or place of business at the same place, upon whom process against the corporation may be served within the State. Such statement must be signed by the president, vice-president or other acting head of the corporation, must be acknowledged, and must be accompanied by the written consent of the person designated as the representative of the corporation. G. C. L., § 16; Code of Civil Procedure, § 432. Filing fee, \$10.

If the papers filed as above are in due form and are as to powers, purposes and general subject matter such as may be accepted, the Secretary of State issues a certificate of authority and the corporation is then authorized to conduct its business within the State. Fee for certificate of authority, \$1.00. A certificate will not be issued to a corporation having a name the same, or similar to that of an existing domestic corporation, or having a name not allowed to a domestic corporation. G. C. L., § 15.

Penalties for Non-Compliance. No action on contracts may be maintained. G. C. L., § 15.

Taxation. Foreign corporations must pay a license fee based upon the amount of capital employed in the State, the rate being one-eighth of one per cent. If receipt for franchise fee for first year is not obtained within thirteen months from time of beginning business within the State, the corporation may not maintain any action or have any recovery in the State Courts. Tax Law, § 181. An annual franchise tax must be paid by foreign corporations. This is the same as for domestic corporations. Id., § 182.

Books. A stock book must be kept in the office of the corporation, or in the office of its transfer agent, within the State, contain-

ing the names, alphabetically arranged, of all persons who are stockholders of the corporation, showing their places of residence, the number of shares of stock held by them respectively, the time when they respectively became the owners thereof, and the amount paid thereon. Such stock book shall be open during business hours for the inspection of stockholders, judgment creditors and any officer of the State authorized thereto by law. For refusal to allow such inspection of the books the corporation and the officer so refusing shall forfeit the sum of \$250 to be recovered by the person to whom such refusal was made. S. C. L., § 53.

Reports. The same reports are required as for domestic corporations. S. C. L., § 30; Tax Law, § 189. (See Sec. 13, "Reports.")

Attachments Against. May be had without regard to the solvency of the corporation in cases of breach of contract, conversion of property and injury to person or property in consequence of negligence, fraud or other wrongful act. Code of Civil Procedure, §§ 635, 636.

15. Combinations and Monopolies.

No domestic stock corporation and no foreign corporation doing business within the State shall combine with any other corporation or person for the creation of a monopoly, or the unlawful restraint of trade or for the prevention of competition in any necessity of life. S. C. L., § 7. This does not, however, prevent consolidations and mergers and the holding of controlling interests in other corporations. (See "Corporate Powers.")

A more stringent law was subsequently passed, declaring void every contract, agreement or combination to restrain or prevent competition or to establish a monopoly in any article or commodity of common use, and imposing fine and imprisonment for violations of its provisions. L. 1899, Ch. 690.

NORTH CAROLINA.

1. Corporation Laws.*

Constitution. (1868.) State ownership or control of corporations prohibited unless submitted to popular vote, except as to railroads unfinished at the time of adoption of Constitution or in which State has direct pecuniary interest. Art. V, § 4. Creation of corporations by special laws prohibited, excepting municipal corporations and such others as can not attain their objects under the general laws. Art. VIII, § 1.

Statutes. The general corporation law of North Carolina was adopted in 1901, being Chapter 2 of the Session laws of that year, with amendments thereto in Laws of 1903, Chapters 93, 154, 247, 343, 453, 510, 660, 766. Special acts are found as follows: Railroads and telegraphs, Code, Vol. I, Ch. 49; banks, Id., Vol. II, Ch. 4; and insurance, Id., Vol. II, Ch. 29.

Under the general law corporations may be formed for any lawful business except railroading, banking and insurance. § 8.

The Tax Law was enacted in 1901, Chs. 7 and 9, and amended by L. 1903, Chs. 247, 251, and L. 1905, Chs. 588, 590.

2. Taxes and Fees.

Organization Expenses. To State Treasurer: For each \$1,000 of authorized capital stock, 20 cents; minimum fee, \$25. § 96.

To Secretary of State: For recording, \$1 for first three copy sheets and 10 cents for each copy sheet in excess; for copies, same fee. Seal, 50 cents. For issuing and recording letters patent, including great seal, \$2. Recording fees to Clerk of Superior Court, \$1 for first three copy sheets and 10 cents for each additional copy sheet. Id.; L. 1893, Ch. 318, § 4.

Franchise Tax. An annual franchise tax is imposed upon business corporations as follows: On paid in or subscribed capital stock of \$25,000 or less, \$5; over \$25,000 and not exceeding \$50,000, \$10; over \$50,000 and not exceeding \$100,000, \$25; over \$100,000 and not exceeding \$250,000, \$50; over \$250,000 and not exceeding \$500,000, \$100; over \$500,000 and not exceeding \$1,000,000, \$200; over \$1,000,000 \$500. Tax Law, § 83.

Local Taxation. Corporations are taxed 43 cents on each \$100 of the actual value of their whole capital stock, as shown by annual

* References are to Laws of 1901, Ch. 2, except as otherwise noted. Tax Law references are to Laws of 1905, Ch. 588.

report filed in June of each year (See § 13; "Reports"), or, on failure or inaccuracy of such report, as appraised by State Treasurer and Auditor. If tax is not paid by July 31st, a penalty of 5 per cent. may be added. But on payment of such tax, the corporation is exempt from any further report of or tax on any mortgages, bonds, securities or credits. Tax Law, §§ 3, 4; L. 1905, Ch. 590, § 34.

General. On increase of capital stock, 20 cents on each \$1,000 of increase; minimum fee, \$20. On extension of corporate existence, same fees as on original incorporation. On dissolution, change of name, change of nature of business, amended certificate (other than increase of stock), decrease of capital stock, increase or decrease of par value or number of shares, each \$20; filing list of officers and directors, §1. §96.

3. Incorporation.

Incorporators. Must be not less than three. §8. They must be the subscribers to the amount of capital stock with which the company will commence business, and manage corporate affairs until completed organization. §11.

Certificate of Incorporation. Must be signed, sealed and acknowledged before an officer authorized by the laws of North Carolina to take acknowledgments of deeds (§9), and must set forth (§8):

(1) Name of the corporation. May not be similar to one in use by an existing corporation in the State, and must end with the word "company" or "incorporated." L. 1903, Ch. 453. May be changed by amendment. §29. Must be conspicuously displayed at door of principal office. §50.

(2) Location of principal office in the State.

(3) Object or objects for which corporation is formed.

(4) Amount of authorized capital stock; number of shares and par value of each; amount of capital stock with which to begin business and if there be more than one class of stock, a description of the different classes with the terms of creation. No statutory limitations as to amount of capital stock or par value of shares, or amount with which to begin business.

(5) Names and addresses of subscribers and number of shares subscribed by each; the aggregate to be the amount of capital stock with which the company will begin business.

(6) The period, if any, limited for duration of the company.

(7) Any other provisions which the incorporators choose to insert, not inconsistent with the laws of the State.

Filing and Recording. The certificate of incorporation is filed and recorded with the Secretary of State in the "Corporation Book,"

and on payment of organization tax and fees, that official certifies a copy of the certificate of incorporation, which must be recorded with the clerk of the superior court of the county where the principal office in the State is to be established, in a book known as "Record of Incorporations." A copy certified either by the Secretary of State or by said clerk is *prima facie* evidence of due organization. § 9; L. 1903, Ch. 343.

4. Organization.

First Meetings. Of stockholders must be held at the principal office within the State. § 49. Is called by notice signed by a majority of the incorporators, published two weeks before the meeting in some newspaper of the county where the corporation is established, or served personally two days before the meeting. Notice may be waived by written consent of all the incorporators. § 18. At this meeting by-laws are usually adopted and directors elected. No statutory provisions as to first meeting of directors. Officers are elected by the stockholders or the directors as prescribed by the by-laws. § 15.

By-Laws. Are to be made by the stockholders unless power thereto is conferred on the directors, in which case the directors' by-laws are subject to alteration or repeal by the stockholders. § 13. The by-laws may provide for the calling and conduct of meetings; quorum; number of shares to entitle members to one or more votes; mode of voting by proxy, and of selling shares for non-payment of assessments; tenure of officers; mode of filling vacancies, and penalties for by-law violations, not to exceed \$20 for each offence. § 12.

Certificates. A statement of officers elected, location of office, etc., must be filed with Secretary of State within thirty days after every election. § 48. (See § 13, "Reports.")

5. Corporate Existence.

When Commenced. On filing certificate of incorporation with Secretary of State (§ 10), and extends, when no period is stated in the certificate, for sixty years. § 1. It continues three years after expiration for the purpose of winding up affairs. § 58.

Beginning Business. May be commenced as soon as certificate of incorporation is filed with the Secretary of State. Must be commenced within two years. § 106.

Renewal. May be had by regular amendment, and paying same tax as on original incorporation. §§ 29, 37.

Forfeiture of Charter. Occurs on failure to bring corporate books into the State on order of the Superior Court (§ 49) or to pay annual franchise tax for three successive years. Tax Law, § 83. Action may be brought by Attorney General in Superior Court to restrain corporations from unlawful exercise of franchises, etc. § 107. Charter may be declared forfeited for violations of law against combinations, monopolies and conspiracies. L. 1901, Ch. 586, § 3.

Dissolution. Minute provisions for voluntary dissolution require (§§ 34-36) resolution of directors, two-thirds vote of stockholders, publication of notice for four weeks, and same publication of certificate of dissolution, which is to be filed and recorded as was certificate of incorporation. The preliminary proceedings may be avoided by obtaining unanimous written consent of stockholders. § 34. Procedure for closing of affairs after dissolution is prescribed. §§ 58-65.

6. Corporate Powers.

General. Liberal general powers are enumerated. § 1.

To Hold Property. Property may be held to extent of corporate needs. §§ 1, 4.

Its Own Stock. Unless restrained by some provision of its organic law, a corporation may purchase its own stock. *Blalock v. Mfg. Co.*, 110 N. C. 99 (1892). But not in derogation of the rights of creditors. *Heggie v. Ass'n*, 107 N. C. 581 (1890). Shares of stock belonging to a corporation may not be voted, directly or indirectly. § 43.

Stock of Other Corporations. May be held. L. 1903, Ch. 660.

To Borrow Money. The power is expressly conferred. §§ 1-3. Also corporations are permitted to sell bonds below par, and pay commissions on, or for the sale. L. 1903, Ch. 154.

To Do Business in Other States. This power is conferred. A principal office must always be maintained within the State. §§ 1, 38, 49.

Consolidation or Merger. No statutory provision.

Amendment of Charter. Before any part of the stock has been paid, the certificate may be amended (except by increase of capital stock) *nunc pro tunc*, merely on payment of recording and copying expenses, the new certificate to be signed and executed by the same incorporators. In case of increase of capital stock, the organization tax is paid on the increase. § 28. A corporation may at any time change the nature of its business or its name; increase or decrease its capital stock; change the number or par value of shares; extend its corporate existence; create one or more classes of preferred stock, or amend charter in any other respect, by two-thirds vote of each class of stock at a meeting called for that purpose on resolution of the board of directors, on notice as provided by by-laws, or in the absence of such provision, by ten days' notice personally or by mail. A certificate of any such amendment, signed by the president and secretary under the corporate seal, and acknowledged as deeds are acknowledged, must be filed and recorded as was original certificate, together with the written assent of two-thirds of each class of stock. §§ 29, 30.

Correction of errors or omissions in original certificate is accomplished in the same manner. § 109.

7. Capital Stock.

Amount. Is not limited by law, but must be stated in certificate of incorporation. § 8.

Initial Payment. No direct requirement, but the amount with which the corporation is to begin business must be stated in the certificate of incorporation, and is to be the aggregate amount of the subscriptions of the incorporators. § 8.

Consideration for Issue. Must be money, labor or property, necessary for the corporate business. §§ 19, 53, 54. In the absence of actual fraud the valuation of the directors is conclusive, and stock issued in payment is full paid stock. In statements and reports such stock is to be reported according to the facts. §§ 26, 54, 55. The president and secretary or treasurer must file certificate of payment of each instalment of capital stock with the Secretary of State within ten days after its payment. § 26.

Directors may make assessments on unpaid stock in their discretion, by thirty days' notice, personally, by mail, or by publication in the county where the corporation is established. § 23. On default for thirty days after time appointed for payment, stock may be sold at public auction, after three weeks of notice of sale by publication and by mail. §§ 24, 25.

Increase or Decrease. Is effected by regular amendment. § 29. On increase, certificate must be published once a week for three weeks in the county in which the principal office is located, commencing within fifteen days after the filing of the certificate. § 32.

Classes of Stock. May be created in certificate of incorporation (§ 8) or by subsequent amendment (§ 29), on two-thirds vote of the stock outstanding (L. 1903, Ch. 660), and such preferred stock may be made redeemable at par at any fixed time, and is entitled to fixed dividends, which may be made cumulative. § 19.

Par Value of Shares. To be specified in certificate of incorporation. § 8. No statutory restrictions as to amount. May be changed by regular amendment. § 29.

Stock Certificates. Shall be signed by the president and treasurer or secretary, and certify the number of shares owned by the holder. § 20. They must show the annual dividends to which preferred stock is entitled. § 19. Re-issue to replace lost certificate is provided for. §§ 94, 95.

Transfer of Stock. To be made on the books of the corporation as prescribed in the by-laws, and when transferred as collateral security, that fact must appear on transfer book. § 21.

8. Stockholders.

Rights and Powers. They make by-laws and control amendments of charter by two-thirds vote (§§ 29, 34) or by unanimous con-

sent. § 34. Three stockholders may call elections. § 51. One stockholder may apply to court for order to call or compel meeting. § 46.

Liability. Stockholders are liable only for unpaid subscriptions. § 22. Execution against the corporation must be returned unsatisfied, or it must be made to appear to the satisfaction of the court that there is no property of the corporation available for payment of the debt, before action will lie against stockholders. § 92.

Meetings. Must be held at principal office in the State. § 49.

Notice. May be governed by by-laws. § 12. If directors, for thirty days after written request of one-tenth of the stock, fail to call meeting for election, any stockholder may apply to the judge presiding in the district where the principal office is located, whereupon such meeting is ordered in the same manner as injunctions are obtained. § 46. Or three stockholders may call meetings by publishing ten days' notice. § 51.

Quorum. Is a majority of the shares or amount of interest, unless the by-laws prescribe a smaller proportion. § 12.

Voting. At elections must be by ballot, unless otherwise prescribed by the charter or by-laws. Polls to be open one hour unless waived. § 39. Cumulative voting provided for. § 40. No share to be voted which has been transferred on the books of the company within twenty days before the election. § 41.

Proxies. Voting by proxy is permitted (§ 12), but proxies are not valid more than three years. § 41.

9. Directors.

Number. Must be not less than three. They hold office for one year, unless classified by the certificate of incorporation, in which case their terms may be from one to five years according to the number of classes, one class to be elected each year. § 14. Number if stated in certificate may be changed by regular amendment, otherwise by amendment of by-laws. §§ 8, 12.

Qualifications. Directors must be stockholders in amount to be determined by by-laws or certificate of incorporation. § 44. One must be a resident of the State. § 14.

Powers. The adoption of by-laws may be delegated to them in the certificate of incorporation, but such by-laws are always subject to repeal and alteration by stockholders. § 13. They act as trustees on dissolution. § 59. They fill vacancies in board unless by-laws prescribe otherwise. § 17.

Liability. For loans to stockholders (§ 53), for declaring and paying dividends otherwise than out of net profits, or when the corporate debts exceed two-thirds of assets, and for division, etc., of any part of the capital stock, assenting directors are jointly and severally liable for six years thereafter to the corporation or its creditors in case of dissolution or insolvency to the full amount of such dividends or division. Absent directors or those entering dissent on the minutes as soon as they have notice of the act are exempt. § 33. For failure to publish certificate of reduction of capital stock, they are liable for corporate debts contracted before the filing of the

certificate. § 32. Action is brought by Attorney General in Superior Court for frauds or violation of law, or to enforce liability or remove the officers. § 107.

Meetings. Are to be governed by by-laws. § 12. May be held outside the State. § 49.

Executive Committee. May be provided for by certificate of incorporation or by-laws. §§ 8, 12, 16.

10. Officers.

General. A president is prescribed, who must be a director, and a secretary who must record votes of the corporation and directors in a book kept for that purpose; also a treasurer who may be required to give bond, and any other officers prescribed by by-laws or by the directors. § 16. Any two offices may be held by the same person, if so determined by the electing body. § 15. An agent must be in charge of the principal office in the State, on whom process may be served, but service may also be made on other agents according to law. §§ 48, 49.

Liability. For failure to file certificate of payments on capital stock, for thirty days after written request by any creditor or stockholder, the officers responsible are jointly and severally liable for corporate debts contracted before filing the certificate. § 27. For false certificates or public notice, the officers signing, knowing it to be false, are jointly and severally liable for corporate debts contracted while they were stockholders or officers. § 56.

11. Principal Office.

Must be maintained in the State in charge of an agent to receive service of process. §§ 38, 49; L. 1903, Ch. 806. The corporate name must be conspicuously displayed at the entrance, under penalty of \$100 for failure to do so for sixty days. § 50. Principal office may be changed by a two-thirds vote of the board of directors. Certificate of change, signed by the president and secretary, under the corporate seal, must be filed with the Secretary of State. No certificate need be filed on removal from one point to another within the same city, town or township. § 31.

12. Corporate Books.

What Required. Transfer books are prescribed, and stock books in which are to be registered the names and residences of the stockholders, and the number of shares held by them respectively. § 38. Votes are to be recorded by secretary. § 15.

Where Kept. The stock and transfer books must be kept at the principal and registered office in the State (§§ 38, 49), and Superior Court may order all books to be brought within the State on penalty of forfeiture of charter. § 49.

Examination of. The stock and transfer books are open to the inspection of all who are authorized to see the same. § 49. They are open during usual business hours to the examination of any stockholder. § 38. They must be produced at elections and are the only evidence as to who are stockholders. §§ 38, 45, 49.

13. Reports.

Every corporation authorized to transact business in the State must within thirty days after every election, file in the office of the Secretary of State, authenticated by the signatures of the president and secretary of the corporation, a statement setting forth: The names of all the directors and officers; date of election or appointment of each; term of office, residence and post-office address of each; character of corporate business; location, with street and number, if any, of principal office in the State and name of agent in charge thereof on whom process may be served. § 48. On filing, the Secretary of State issues a certificate thereof. Penalty for non-compliance is fine of \$100. § 48.

Annual tax returns are to be made to the State Auditor, in June, stating: (1) Total authorized capital stock. (2) Total authorized number of shares. (3) Number of shares issued. (4) Par value of each share. (5) Amount paid on each share. (6) Amount of capital stock paid in. (7) Amount of capital on which dividend was declared. (8) Date of each dividend during the year ending June 1st. (9) Amount of each dividend during the year ending with the first Monday of said month. (10) Amount of surplus. (11) Highest price of sales of stock between May 1st and 15th preceding. (12) Highest price of sales of stock during the year aforesaid. (13) Average price of sales of stock during the year.

Any two of the principal officers of the corporation must between June 1st and 15th, appraise the cash value of the stock, as of June 1st, and certify same with the report; but the Auditor and State Treasurer if not satisfied with the valuation, may make further examination and appraise the stock at a different valuation from which an appeal lies to the courts. And on failure to file the report for sixty days the said State officers likewise appraise the stock at a valuation fixed by them. § 34; L. 1905, Ch. 590.

Publication of notices may always be waived, but not so of dissolution and reduction of capital stock.

14. Foreign Corporations.

How Authorized to Do Business. Foreign corporations before doing business in the State must file with the Secretary of State a copy of the charter or articles of agreement, attested by president and secretary, under the corporate seal, and a statement attested in like manner, of the authorized capital stock, amount actually issued, principal office in the State, name of agent in charge thereof, and character of the business it transacts, also names and post-office addresses of its officers and directors. Fees, 10 cents for each \$1,000 of authorized capital stock; minimum fee, \$10; maximum, \$100. L. 1903, Ch. 766, amending § 57.

Corporations having no property in the State and no agent on

(North Carolina)

whom process may be served, may be served by leaving papers with Clerk of Corporation Commission. *Fisher v. Ins. Co.*, 136 N. C. 217 (1904). When domesticated it may not remove actions to federal courts as a non-resident. *Beach v. Ry. Co.*, 131 N. C. 399 (1902).

Penalties for Non-Compliance. Fine of \$500. L. 1903, Ch. 766.

Taxation. Annual franchise tax is the same as of domestic corporations of the same class. Tax Law, § 83; *Comms. v. Packing Co.*, 135 N. C. 62 (1904).

Books. No provisions.

Reports. Are the same as of domestic corporations. § 48.

Attachments Against. Lie against as foreign corporations only when they have property in the State and cause of action arises in the State. Code, §§ 349, 363; L. 1905, Ch. 294.

15. Combinations and Monopolies.

Are provided against by Ch. 586 of Laws of 1901, the penalties being fine of \$500 for each violation (§ 5), voidance of all contracts in violation thereof (§ 6), and forfeiture of charter. §§ 2-4. Live stock and agricultural products in hands of producer are exempt from the provisions of the act.

NORTH DAKOTA.

1. Corporation Laws.*

Constitution. (1889.) No charter except for a municipal corporation or a State eleemosynary or reformatory institution shall be granted by special law. § 131. Corporate business confined to that expressly authorized by charter. § 137. No stock or bonds to be issued except for money, labor or property actually received. § 138. Majority of stock must vote to increase stock at meeting called on sixty days' notice. Id. Fictitious increase of stock or indebtedness void. Id. Cumulative voting must be allowed. § 135. Foreign corporations doing business in the State must maintain an office in the State in charge of an agent to receive service of process. § 136. Combinations to control prices of products of the soil, articles of manufacture or commerce, or means of transportation, are unlawful and franchises of guilty companies are to be forfeited. § 146.

Statutes. The General Corporation Law of North Dakota is contained in Code of 1899, §§ 2850-2943 and § 3265 a. Under this law corporations may be formed for any purpose for which individuals may lawfully associate themselves. Amendments are found in L. 1901, Ch. 93; L. 1903, Ch. 59; L. 1905, Chs. 66-69. Special provision is made for railroad, insurance, mining and manufacturing (§§ 3154-3161), bridge, religious, educational and benevolent, building, telephone, banking and trust corporations. §§ 3261-3265 provide for foreign corporations.

2. Taxes and Fees.

Organization Expenses. Fees paid into State Treasury on or before filing of articles of incorporation: On capital stock not exceeding \$50,000, \$50, and \$5 for every additional \$10,000 or fraction thereof. § 2865. Certain local corporations are exempt from this tax.

To Secretary of State: For filing articles of incorporation, \$5; for issuing certificate of corporate existence, \$3; for recording, 25 cents per folio; for copies, same. For certificate and seal, \$1; signature and seal without certificate, 50 cents. L. 1901, Ch. 93.

Franchise Tax. There is no annual franchise tax.

Local Taxation. Shareholders are not taxed if corporation pays tax on property represented by stock. § 1190. Stock of foreign corporations is taxed. § 1191. Capital stock is taxed to the corporation

* References, except where otherwise noted, are to Code of 1899.

only on surplus value over real and personal property assessed. § 1198. (See § 13, "Reports.")

General. Fees to Secretary of State: For filing and recording notice of removal of place of business, filing certificate of increase or decrease of capital stock, issuing certificate of same, filing certificate of continuance of corporate existence, and issuing certificate of same, \$3 each. L. 1901, Ch. 93. Fees paid into State Treasury, on increase of capital stock, \$5 on every \$10,000 or fraction thereof of increase. § 2866.

3. Incorporation.

Incorporators. Must be three or more persons (§ 2858), one-third of whom must be residents of the State. § 2864.

Articles of Incorporation. Must be subscribed and acknowledged by each of the incorporators (§ 2864), and set forth:

- (1) Name of the corporation.
- (2) Purpose for which it is formed.
- (3) Place where principal business is to be transacted.
- (4) Term for which it is to exist, not exceeding twenty years. § 2882.
- (5) Number of directors or trustees and names and residences of those to serve until election of successors.
- (6) Amount of capital stock and the number of shares. § 2861.

Special clauses are provided for wagon road, telegraph and telephone and railway corporations. §§ 2862, 2863, 3155. Mining, manufacturing and industrial corporations may provide in the articles of incorporation for an office at any desired place within the United States, and that meetings of stockholders may be held therein. Main office must, however, be in State. § 3160.

Filing and Recording. The articles are filed and recorded with the Secretary of State, together with the receipt of the State Treasurer for the incorporation tax. The Secretary of State issues certificate of corporate existence. §§ 2867, 2868. A statement of the post-office address of the business office must also be filed. L. 1905.

4. Organization.

First Meetings. Unless otherwise provided in the articles of incorporation, all meetings of stockholders must be held at office in the State. §§ 2898, 3160. By-laws must be adopted within one month after incorporation, either by majority at meeting, or by written assent of two-thirds of the stock. Notice of meeting must be published twice a week for two successive weeks in newspaper in the

county of the principal office, or if none there, at the capital. § 2883. The directors named in the articles hold office only until their successors are elected and qualify. § 2861. At this first meeting at which by-laws are adopted, or at such subsequent meeting as may then be designated, directors must be elected to hold office one year. § 2887. Immediately on the election of the first elective directors, they are to elect a president out of their number, a secretary and a treasurer. § 2890.

By-Laws. Are adopted by the stockholders, but power over the by-laws may be delegated to the directors by a two-thirds vote of the stock. Directors' by-laws are subject to amendment and repeal by the stockholders. § 2885. May provide: (1) Time, place and manner of calling and conducting meetings. (2) Stockholders' quorum. (3) Mode of voting by proxy. (4) Time of annual election of directors, and mode and manner of giving notice of same. (5) Compensation and duties of officers. (6) Manner of election and tenure of office of all officers other than directors. (7) Suitable penalties for violations of by-laws, not exceeding \$100 for any one offence. § 2884.

The by-laws must be certified by a majority of the directors and copied in "Book of By-Laws." § 2885.

Certificates. None required to show completed organization.

5. Corporate Existence.

When Commenced. On issuance by Secretary of State of certificate. § 2868. Is not to exceed twenty years. §§ 2882, 3154. Can not be inquired into collaterally. § 2852.

Beginning Business. May be commenced forthwith, and must be commenced within one year. §§ 2913, 3265 a.

Renewal. May be had by amendment any time before expiration of the charter, for term not exceeding twenty years. § 2909.

Forfeiture of Charter. Failure to commence business within one year after incorporation or to maintain proper office and agent in charge within the State (§§ 2913, 3265 a), or violation of statute against trusts and combinations (§ 7484 b; Const., § 146), are grounds for forfeiture of charter. Also failure to file annual report for sixty days after notice received. L. 1905.

Dissolution. Dissolution may be accomplished by application to the court showing assent of two-thirds of the issued stock and that all claims and demands against the corporation have been satisfied. § 2912.

6. Corporate Powers.

General. General common law powers are enumerated. § 2882. Corporations not allowed to engage in any business not expressly authorized by charter. Const., § 137.

To Hold Property. Business corporations have power to hold property to the extent of the legitimate purposes of the corporation. § 2882.

Its Own Stock. Unless otherwise provided in charter or by-laws, a corporation may purchase, hold and transfer shares of its own stock from its surplus profits, or at sale for delinquent assessments, or by unanimous consent in writing of the stockholders, on terms decided on by them. § 2880. Such stock is non-assessable and non-dividend bearing, and may not be voted, a majority of the remaining shares to be a majority of the stock for all purposes. §§ 2929, 2930.

Stock of Other Corporations. No provisions.

To Borrow Money. Corporation may contract obligations essential to the transaction of its ordinary affairs. § 2882. Bonds may be issued only on assent of two-thirds of the entire capital stock, and then only for money, property or labor actually received. § 2877; Const., § 138. Procedure prescribed. § 2906. Debts must not exceed amount of subscribed capital stock. § 2891.

To Do Business in Other States. Meetings of board of directors may be held without the State. §§ 2898, 2899. Mining, manufacturing and other industrial corporations are permitted to hold stockholders' meetings without the State if so provided in the articles of incorporation. § 3160.

Consolidation or Merger. Consolidation of business corporations is not provided for. Railroads whose lines are not parallel or competing, and which can be operated as a continuous line, may consolidate. § 2954; Const., § 141.

Amendment of Charter. May be effected by two-thirds vote of the capital stock, or by written assent of three-fourths thereof. Meeting to be called as provided for increase of stock, and certificate to be executed, filed and recorded as there provided. §§ 2908-2911, 2905.

7. Capital Stock.

Amount. Not limited by law, but is to be stated in articles of incorporation. § 2861.

Initial Payment. Not prescribed.

Consideration for Issue. No corporation may issue stock except for money, labor done or property, estimated at its true money value, actually received. Const., § 138. Officers consenting to the issuance of stock or bonds for labor or property in excess of its actual cash value, or who having knowledge thereof, do not dissent in writing, are jointly and severally liable to the creditors of the corporation for the difference. No note or obligation given by a stockholder, whether secured by pledge or otherwise, shall be taken as payment for stock. §§ 2877, 2878. No corporation may issue stock with an agreement or understanding that the par value shall not be paid therefor. § 2876.

Increase or Decrease. May be made upon two-thirds vote of the capital stock at meeting after sixty days' personal notice, and if any

stockholders are non-residents or addresses are unknown, by publication once a week for sixty days in a newspaper published in the county of the principal office. Notice to state the amount to which it is proposed to increase or diminish the stock. If approved, a certificate must be executed by the chairman and secretary of the meeting and a majority of the directors, showing compliance with the above requirements, the amount of the proposed increase or decrease, the amount of stock represented at the meeting, and the vote taken. This is filed and recorded as were the original articles of incorporation, and certificate is issued by Secretary of State on payment of fees. § 2905; Const., § 138.

Classes of Stock. No provision.

Par Value of Shares. Is not prescribed.

Stock Certificates. Signed by the president and secretary. May be issued prior to full payment if so provided in the by-laws. All certificates of full paid stock must be so endorsed. If issued before full payment, the secretary must before issue endorse thereon the amount paid, under penalty of personal liability for all damages. § 2876.

Transfer of Stock. May be made by endorsement and delivery of certificates, but is not valid except as between the parties thereto until entered on the books of the corporation, with date and names of parties to the transfer and description of shares. § 2876.

8. Stockholders.

Rights and Powers. Stockholders control amendments, dissolution, issue of bonds, etc., by two-thirds vote, or by written consent of three-fourths of the stock. §§ 2905, 2908, 2910-2912. Three may apply to justice of the peace for warrant to call meetings (§ 2896) whenever there is no person authorized to do so. § 2901. One-half the stock may call meeting for annual election or for removal of director. §§ 2894, 2896.

Liability. Stockholders are liable only to the extent of unpaid subscriptions, recoverable in joint or several action, the court to determine amount due from each and several judgments to be entered. § 2902. Transfer of shares does not relieve from liability. *Id.* Stockholders of mining, manufacturing and other industrial companies are liable for claims of laborers employed, after judgment against the corporation has been returned unsatisfied. Action must be brought within four months. § 3157.

Meetings. Annual election of directors, unless otherwise provided in by-laws, must be held on first Tuesday in June. § 2886. Must be held at the principal office in the State (§ 2898), except in case of mining, manufacturing and other industrial corporations having otherwise provided in their articles of incorporation. § 3160. In absence of provision in by-laws for notice, two publications are required in two successive weeks prior to the meeting in a newspaper published in the county of the principal office, or if none there, at seat of government. §§ 2883, 2886. Notice may be waived for meet-

ings (except for increase of stock or indebtedness, for which sixty days' notice is required by the Constitution, § 138) when all stockholders are present and sign consent in writing on record. § 2903. Cumulative voting is provided for. § 2888; Const., § 135. A majority is a quorum. Voting by proxy is permitted. Shares transferred within ten days not entitled to vote. § 2895.

9. Directors.

Number. Not less than three nor more than eleven. § 2889. May be removed by two-thirds vote of stock, at a meeting which may be called for that purpose by one-half the stock. § 2894.

Qualifications. Must be stockholders in such amount as by-laws prescribe. One must be a resident of the State. § 2889. Compensation may be provided in the by-laws. § 2884.

Powers. Power to make by-laws may be delegated to them. § 2885. They may fill vacancies on board, unless otherwise provided by the by-laws. § 2889. They are trustees on dissolution, unless other persons are appointed by the court. § 2914; L. 1903, Ch. 59.

Liability. Directors are jointly and severally liable to the full amount, for making dividends except from surplus profits; for dividing or withdrawing any part of the capital stock; for creating debts beyond subscribed capital stock, or for unlawfully reducing or increasing capital stock. Statute of Limitations does not bar action to enforce such liability. §§ 2891, 2892. Those absent or who enter dissent at large on the record, are exempted from this liability. For false reports, certificates, public notice or entry, officers are liable for resulting damage. § 2893. For issuing certificate of stock not full paid without endorsement of amount paid, officers are liable to purchasers in good faith and to creditors for damages sustained. § 2876. For issuing stock or bonds for insufficient value in property or labor, they are liable for difference. § 2877.

Meetings. Any corporation having a director resident in the State, or a duly appointed agent therein to receive service of process, may hold directors' meetings within or without the State as provided in the by-laws. § 2899. Other corporations must hold election of officers at the principal place of business in the State. § 2898. Railroads, mining, manufacturing and other industrial corporations may hold directors' meetings at business office. §§ 2898, 3160.

Unless otherwise provided in the by-laws, directors' meetings must be called by special written notice to each director by the secretary on order of the president or of two directors. § 2900. A majority is a quorum. § 2890.

Executive Committee. Not expressly authorized, but is undoubtedly within scope of the by-laws. § 2882.

10. Officers.

A president, who must be a director, a secretary and a treasurer are prescribed, their duties and compensation to be fixed by the by-

laws. §§ 2890, 2884. If business is not regularly carried on and an office maintained in the State, the Secretary of State must be appointed attorney of the corporation to receive service of process. § 3265 a. Treasurer of mining, manufacturing or other industrial company may be required to furnish statements of accounts every six months, on penalty of \$50, and \$10 for each day's delay. § 3159.

11. Principal Office.

The main office must be maintained in the State, with resident agent therein on whom process may be served. §§ 2898, 2899, 3160, 3265 a. It may be changed in the manner prescribed for increase of capital stock, except that notice and meeting may be avoided by written assent of three-fourths of the stock. § 2911.

12. Corporate Books.

What Required. A record of all business transactions must be kept; also a journal of all meetings, whether regular or special, giving time, place and object, how authorized and notice given, with any act done or ordered to be done and those present and absent. On request of any person, the time of his entrance and exit must be noted; ayes and noes may also be required to be noted and protests to any action or proposed action may be required to be noted in full. § 2907. A "Stock and Transfer Book" is prescribed to show all the stock; alphabetical list of stockholders; instalments paid and unpaid; assessments levied, and paid or unpaid; every transfer, with date, by and to whom, and such other facts as by-laws may prescribe. § 2907. Also "Book of By-Laws." § 2885. Books of account are prescribed for mining and some other companies. § 3156.

Where Kept. At the main office in the State. §§ 2885, 2898.

Examination of. The "Book of By-Laws" is open to inspection of the public during office hours. § 2885. The other books are open to examination by any director, stockholder or creditor. § 2907. Books of account and vouchers of mining, manufacturing and other industrial corporations are at all reasonable times open to inspection of stockholders and at least once a year a statement must be laid before them. § 3156. As often as every six months, holders of twenty per cent. of the capital stock may demand statements from the treasurer, which must be kept on file for inspection at the office. § 3159.

13. Reports.

Between July 1st and August 1st, every corporation, domestic and foreign, must report to the Secretary of State, on blank forms sent out by him before June 1st, the location of its principal office in the State, names, residences and post-office addresses of its officers, with date of expiration of their respective terms of office; whether or not the corporation is pursuing active business under its charter, and the kind of business engaged in. The report to be sworn to by one of the chief officers, under the corporate seal. Fee, \$2.50. Penalty

for failure for sixty days after notice to file such report by registered letter, forfeiture of charter or right to do business by entry on records in Secretary of State's office. L. 1905.

Tax returns, sworn to by the president, secretary or principal accounting officer, must be made to the county assessor where the principal office is located, or if there is no such office, where business is carried on. § 1183. These returns are filed between April 1st and June 1st of each year as of April 1st (§ 1189), and set forth: (1) Name and location of company. (2) Amount of capital stock authorized, and number of shares into which it is divided. (3) Amount of capital stock paid up. (4) Market value, or if there is no market value, the actual value of the shares of stock. (5) Total amount of indebtedness except that for current expenses, excluding from such expenses the amount paid for purchase or improvements of property. (6) Value of all real property. (7) Value of personal property. § 1198.

Every mining, manufacturing or other industrial corporation must annually, within twenty days from January 1st, make a report signed by the president and a majority of the directors, verified by president and secretary, to be published in the newspaper nearest the corporation's place of business, and be filed with the Register of Deeds of the county in which its business is carried on, stating the capital stock and the amount thereof actually paid in; amount and nature of its indebtedness and amounts due the corporation; number and amounts of dividends, and when paid, and the net profits. Neglect to make, publish and file such report is a misdemeanor. § 3158.

Publication of annual reports of mining, manufacturing and other industrial corporations is required. § 3158. Publication of notices of meetings may be dispensed with by waiver or written assents, except in case of increase of stock or indebtedness where personal service can not be had. Notices of dissolution or of sale of stock for non-payment of assessments must be published.

14. Foreign Corporations.

How Authorized to Do Business. No foreign corporation shall transact business or hold property in the State until it has filed and recorded duly authenticated copy of its charter with the Secretary of State (§ 3261), and has, by a duly executed instrument in writing filed in said office, appointed the Secretary of State its attorney on whom process may be served. §§ 3261-3263; Const., § 136. Every foreign corporation must have one or more places of business in the State. Id. Fees on filing articles with Secretary of State, \$20; appointment of attorney, \$5. § 95; L. 1901, Ch. 93.

Penalties for Non-Compliance. Officers and agents are personally liable for all corporate debts (§ 3264), and contracts made on behalf of the corporation are void. § 3265. They are subject to the law against trusts passed in 1905, with penalty of forfeiture of right to do business in the State.

Taxation. There are no special regulations.

Books and Reports. Foreign corporations are made subject to all the penal provisions relating to these and other subjects. § 7535.

Affidavit as to trusts is required to be filed on or before September 1st of each year. L. 1905. And annual report as by domestic corporation. L. 1905.

Attachments Against. Attachment lies on the ground of being a foreign corporation. § 5352.

15. Combinations and Monopolies.

Are prohibited by the Constitution (§ 146), the provisions of which are carried into effect by §§ 7480-7484 d. Unlawful combination is made a misdemeanor, with penalty of fine from 1 to 20 per cent. of capital stock. §§ 7481, 7482. Persons injured may recover the full amount paid for any goods or articles controlled by any combination or trust. § 7484 d. There are also fines and imprisonment prescribed for individual offenders, as officers or agents, from \$100 to \$5,000, and one to ten years. § 7484c. A more effective law was passed in 1905, under which Secretary of State is to require affidavits in prescribed form from all corporations on or about September 1st of each year.

OHIO.

1. Corporation Laws.*

Constitution. (1851.) Corporations may not be created by special act. Art. XIII, §§ 1, 2. Stockholders are liable for corporate debts contracted since November 23, 1903, only to the extent of amounts due on their subscriptions to stock. Id., § 3, as amended Nov. 21, 1903.

Statutes. The corporation law of Ohio is contained in Laning's Revised Statutes, 1905, Part Second, Title II, of which Chapters 1 and 19 contain general provisions, and the intervening chapters treat specially of railroad, union depot, canal, road, bridge, gas and water, hydraulic, cemetery, insurance, agricultural, humane, educational, religious, banking and building and loan corporations.

Corporations may be formed under the general provisions for any purpose for which individuals may lawfully associate, except for carrying on any professional business. § 5167.

2. Taxes and Fees.

Organization Expenses. To Secretary of State: For filing articles of incorporation when capital stock is \$10,000 or under, \$10; if over \$10,000, one-tenth of one per cent. of the authorized capital stock. § 181. For certificates under Great Seal, \$1. Recording same, 20 cents per folio. § 181, subdiv. 17, 18. For copies of articles or other papers, 10 cents per folio and 50 cents for seal. §§ 180, 181, subdiv. 19. Filing certificate of subscription of ten per cent., \$2. § 181, subdiv. 15.

Franchise Tax. An annual fee of one-tenth of one per cent. is imposed on the subscribed or issued and outstanding stock; minimum fee, \$10. § 4150. (See § 13, "Reports.") Excise taxes are imposed on corporations enjoying special franchises. §§ 4086-4149; *Southern Gum Co. v. Laylin*, 66 Oh. St. 578 (1902).

Local Taxation. Personal property must be listed within five days after receipt of blanks from assessor, as of the second Monday of April (§§ 4074, 4077), and corporations are required to make return under oath during May to the State Auditor of the property returned to the County Auditors. § 4086. Shares of stock of domestic corporations are not taxed. Nor are the shares of foreign corporations when two-thirds of their property is taxed in the State of Ohio

* References, unless otherwise stated, are to Laning's Revised Statutes, 1905.

OHIO.

Enactments of 1906.

1. Corporation Laws.*

Statutes. Amendments relating to ship canal companies are found in Senate Bill 142, p. 151. Amendments relating to title guarantee companies are found in House Bill 393, p. 153. Amendments relating to building and loan associations are found in Senate Bill 140, p. 173.

4. Organization.

First Meetings. Sections 3244 and 3267 are amended by a provision raising the maximum number of directors that may be elected to thirty. L. 1906, Senate Bill 177, p. 294.

6. Corporate Powers.

Amendment of Charter. Section 3267 is amended so that at any regular meeting of stockholders or at any meeting called as provided in Section 3246, a majority of stock may increase the number of directors to any number not exceeding thirty. L. 1906, Senate Bill 177, p. 295.

Sale of Entire Assets. Amendments are found in Sections 3256b, 3256c, 3256d and 3256e, which have been added to the statutes. They prescribe the conditions and procedure when the entire assets of a corporation are to be sold. Any sale of the entire corporate property and assets to other persons or corporations must be first authorized as to terms by three-fourths of the directors and such sale must not be for the purpose of forming any trust or combination to restrain trade or competition. § 3256b. The stockholders must then be duly notified of the meeting both by mail and publication ten days before the meeting, unless all are present in person or by proxy and waive notice in writing. The vote shall be by ballot and three-fourths of all the votes cast at the meeting shall be necessary for adoption. § 3256c. Any dissatisfied stockholder shall be paid the value of his stock at the time the corporate assets are sold, such value to be determined by arbitration in case of any disagreement. § 3256d. If any dissatisfied stockholder refuses to arbitrate, procedure is prescribed for determining value and paying same into court for his benefit. § 3256e. L. 1906, House Bill 311, p. 229.

9. Directors.

Number. The maximum number of directors allowed is raised from fifteen to thirty. L. 1906, Senate Bill 177, pp. 294-5.

* References are to Bates' Annotated Ohio Statutes.

and the remainder in another state, and if the franchise taxes are paid as required of domestic corporations. § 183; *Lander v. Burke*, 65 Oh. St. 532 (1901).

General. To Secretary of State: For filing certificate of increase of capital stock or consolidation, same as on original capitalization. For filing certificate of reduction of capital stock or change of name, extension of purpose, change of domicile or dissolution, \$5. For any amendments, 20 cents per folio; minimum fee, \$5. § 181.

3. Incorporation.

Incorporators. Must be not less than five and a majority must be citizens of the State. § 5169. They are liable for any deficiency in actual payment of initial subscription as certified to by them. § 5178. (See § 4, "Organization.") *Shawnee, etc. Co. v. Miller*, Ohio Circ. 1903, p. 198.

Articles of Incorporation. Must be subscribed and acknowledged by the incorporators, and contain (§ 5169):

(1) Name of the corporation, commencing with "the" and ending with "company." The name must not so closely resemble that of another existing corporation as to cause confusion, unless with written consent of such other company, nor must it be misleading as to the nature of the business authorized. § 5171. It may be changed by regular amendment. § 5172.

(2) Location of office or principal place of business. Must be within State.

(3) Purpose for which it is formed.

(4) Amount of capital stock and number of shares. No restrictions as to either.

Provision may be made in the articles for common and preferred stock (this latter not at any time to exceed two-thirds of the paid in capital stock) and for dividends on same, not to exceed eight per cent.; also for qualifications or restrictions of voting powers of stock. § 5168.

Filing and Recording. The official character of the officer taking the acknowledgment of the articles must be certified to by the clerk of the court of common pleas of the county where the acknowledgment is taken, and the articles are then filed and recorded with the Secretary of State, who issues certified copy of the same. § 5171.

4. Organization.

Opening Books. After the filing of the articles, the incorporators meet and fix a time and place for the opening of books of subscription. Notice thereof must be inserted for thirty days in a newspaper published or of general circulation in the county or counties where

the books are opened; but such notice may be waived by written agreement of all the incorporators, entered on the corporate records. At the appointed time and place or places, proper subscription books must be opened. § 5176.

Organization Meetings. As soon as 10 per cent. of the capital stock has been subscribed, a majority of the incorporators must so certify in writing to the Secretary of State, and thereupon they call a meeting of stockholders on thirty days' notice published, as aforestated, for the election of directors. Notice of the meeting may be waived by written consent of all the incorporators entered on the records in person or by proxy. § 5178. The incorporators present at the first meeting of stockholders act as inspectors of election and appoint time and place for first directors' meeting. § 5179. Voting at election is by ballot, may be by proxy, and must be cumulative unless otherwise prescribed by the articles of incorporation.

By-Laws. May be adopted or changed by consent in writing of two-thirds of the stockholders or members, or by a majority at a meeting duly held for that purpose, called by the acting president by personal notice or by publication. § 5192. They may regulate when no other provision is made by law: (1) Time, place and manner of calling and conducting meetings. (2) Time of annual election of directors or trustees, and mode and manner of giving notice thereof. (4) Duties and compensation of officers. (5) Manner of election or appointment and tenure of all officers other than directors or trustees. § 5193. By-laws may be adopted by the directors or trustees for their government, subject to the regulations of the corporation, and may be changed at pleasure. § 5191.

Certificates. The incorporators must file a certificate with the Secretary of State before their first meeting is held, showing that 10 per cent. of the authorized capital stock has been subscribed. § 5178. They are liable for any failure of payment of this initial subscription certified by them. Id.

5. Corporate Existence.

When Commenced. On filing the articles of incorporation with the Secretary of State. § 5173. May be perpetual, except corporations dealing in real estate, which are limited to twenty-five years. § 5167. Duration need not be stated in articles of incorporation. Can not be questioned under general denial. *Minzey v. Mfg. Co.*, Oh. Circ. 1904, 593.

Beginning Business. May not be commenced until 10 per cent. of the capital stock has been subscribed and has been paid in (*Brewer & Laubscher's Ohio Corporations* (1900), p. 25), and until certificate has been filed and directors have been elected. §§ 5177, 5178. Business must be commenced within five years from incorporation. § 6780.

Renewal. No provisions, the law contemplating incorporation in perpetuity.

Forfeiture of Charter. Quo warranto lies for non-user, misuser, etc., or for violation of anti-trust law, of franchise right, etc. § 7588, 10353-10386. For failure to file annual report and pay the annual fee, the Attorney General at request of Secretary of State must bring action to annul charter. § 4154.

Dissolution. Before payment of any part of the capital stock, or incurring debts, the corporation may surrender its charter. § 9206. After organization a majority of the directors representing at least one-third of the stock may apply to the court for dissolution or a majority of the stockholders may direct such application to be made. §§ 9183-9221. One-fifth of stockholders in a manufacturing or mining corporation may petition for dissolution. § 9205. Certificate must be filed with Secretary of State and fee of \$5 paid. § 4157.

6. Corporate Powers.

General. Corporations have the usual common law powers and may do all needful acts to carry the objects of incorporation into effect. § 5173.

To Hold Property. The duration of real estate corporation is limited to twenty-five years and judicial sale of real estate held by such corporation is directed by action to be instituted by the directors within sixty days after the expiration of the twenty-fourth year. § 5167. Other corporations may hold and convey such real property as may be necessary or convenient to carry into effect their purposes. § 5173.

Its Own Stock. A corporation may become the purchaser of its own stock only when necessary to secure payment of debts owing to it. *State v. Bank*, 10 Ohio 91.

Stock of Other Corporations. Any private corporation may acquire and hold shares in kindred but not competing corporations, domestic or foreign, so long as no trust or combination in restraint of trade is formed. § 5199. Mining and manufacturing companies may hold stock in transportation companies, by assent of two-thirds of the stock. § 6346.

To Borrow Money. A corporation may borrow money, not exceeding the amount of its capital stock, and issue its notes or coupon or registered bonds therefor, bearing any rate of interest authorized by law, and may secure the same by mortgage on its real or personal property or both. § 5199. And may borrow upon its obligations convertible into stock on consent of three-fourths of its stock and to the amount of one-half its paid in capital. § 5201; *Kreisser v. Gas Light Co.*, Oh. Circ. 1903, p. 313.

To Do Business in Other States. Mining and manufacturing companies are permitted to hold property and carry on business, or so much thereof as is convenient beyond the limits of the State. § 6345.

Consolidation or Merger. There are no provisions for merger of ordinary business corporations. Mining and manufacturing companies may consolidate by agreement of the boards of directors,

ratified by the stockholders and filed with the Secretary of State. §§ 5146, 5447, 6347; *N. W. Ins. Co. v. Hare*, Oh. Circ. 1905, 197.

Amendment of Charter. The stockholders may change the corporate name, or the place of location or where principal business is transacted, or enlarge, modify or diminish the corporate objects or purposes, or add to the articles anything omitted which might lawfully be inserted, excepting to increase or decrease the capital stock or change substantially the original purposes of organization, by a three-fourths vote of the subscribed capital stock at any meeting called on thirty days' notice in a newspaper published and of general circulation in the county where the principal place of business is located. Certificate of the amendment, verified by the president and secretary under the corporate seal, must be filed and recorded with the Secretary of State, and the secretary of the corporation must give three weeks' notice of such amendment by publication in a newspaper as above specified. All notices may be waived by unanimous written consent of the stockholders or members. § 5172. (See "Increase or Decrease," under § 7.)

7. Capital Stock.

Amount. Must be stated in articles of incorporation (§ 5169), but is not limited by law.

Initial Payment. Must be ten per cent. of entire capital. *Brewer & Laubscher's Ohio Corporations* (1900), p. 25.

Consideration for Issue. No specific provision. It is clear, however, that the law contemplates the receipt of money or its value only in payment of subscriptions. *Gates v. Tippecanoe Co.* 57 Ohio St. 60 (1897); *Ford v. Samson*, 17 C. C. 539 (1899). Original purchases of stock at less than par in good faith, to aid the corporation and with no profit to the purchasers, did not render them liable for the difference. *Peter v. Union Mfg. Co.*, 56 Ohio St. 181 (1897). After the initial payment of ten per cent. of the entire capital stock, amounts due on subscriptions may be paid in such instalments, times and places as the directors determine. § 5177. If instalment remains unpaid sixty days after demand, action may be brought, or the directors may sell the stock at public auction, giving thirty days' notice by publication in the county where stockholder resides, or if a non-resident, in the county where the principal office is located. § 5194.

Increase or Decrease. Before organization, increase of capital stock may be effected after the entire original amount has been subscribed and ten per cent. thereof has been paid, by unanimous written consent of the original subscribers. After organization it may be accomplished by majority vote of the stock, at a meeting called for the purpose by a majority of the directors, on thirty days' notice by publication and by mail. Notice may be waived if all the stockholders are present in person or by proxy, or consent in writing to the increase. A certificate of increase must be filed with the Secretary of State. § 5213.

Reduction of capital stock and of the nominal value of shares may be made by the directors, with the written consent of a majority

of the stock, but not to affect or impair the rights of creditors. Certificate to be filed with Secretary of State. § 5215.

Classes of Stock. Preferred stock may be authorized by articles of incorporation. Also it may be authorized as part of any increase of stock by written assent of three-fourths in number of the stockholders, representing at least three-fourths of the capital stock. Certificate thereof must be filed with the Secretary of State. Preferred stock must not at any time exceed two-thirds of the actual paid up capital and its annual dividend must not exceed eight per cent. Preferred stockholders are liable for corporate debts only after liability of common stockholders has been exhausted, and are entitled to preference in distribution of assets. §§ 5168, 5214.

Par Value of Shares. Not prescribed.

Stock Certificates. Stockholders are entitled to certificates of paid up stock, and on demand, the president and secretary must execute and deliver certificate showing the true amount of the stock held. § 5195. Provision is made for re-issue of lost certificate by application to probate courts. § 3254, 1, 2.

Transfer of Stock. Must be entered on the books of the corporation on demand of the assignee. § 5195; *Farmers Bk. v. S. & L. Co.*, 66 Oh. St. 367 (1902).

8. Stockholders.

Rights and Powers. They have the usual powers and rights. They are entitled to have annual statement of the financial condition of the corporation showing its assets and liabilities and also a list of stockholders with their residences. § 5223; *Keystone Bank v. Co.*, Oh. Circ. 1904, p. 464.

Liability. Formerly stockholders of Ohio corporations were liable for corporate debts to the amount of any unpaid stock subscriptions and in addition thereto to an amount equal to the par value of their stock. By an amendment to the Constitution (Art. XIII, § 3) adopted and effective Nov. 23, 1903, this double liability was abolished as to all corporate debts created after that date and stockholders are now liable on corporate debts contracted since Nov. 23, 1903, only to the extent of unpaid subscriptions. § 5202.

Meetings. In the absence of statutory provision otherwise, stockholders' meetings must be held within the State. Except as otherwise provided by the law, the time, place and manner of conducting meetings are to be regulated by the by-laws. § 5193. Unless otherwise regulated in by-laws, the annual election is to be held on the first Monday of January. If not held on day appointed, it may be held at any meeting called on ten days' published notice by the directors or any two stockholders, or by personal notice in writing or at any meeting at which all the stockholders are present in person or by proxy. § 5187.

Such of the subscribers to the articles of incorporation as are present act as inspectors of election for first meeting (§ 5179), but for

regular elections inspectors are appointed only by court on application of voters holding at least one-tenth of the capital stock made on due notice fifteen days before the election. §§ 5182, 5183.

Voting at elections is by ballot. § 5179. Voting by proxy is permitted. §§ 5178, 5179. Cumulative voting is prescribed. Quorum is prescribed by by-laws but a majority of the shares is necessary for a choice. No share may be voted on which any instalment is due and unpaid. § 5179.

9. Directors.

Number. Must not be less than five nor more than fifteen. § 5178. Number may be changed by majority vote at any regularly called meeting of the stockholders. § 5222.

Qualifications. All must be stockholders in amount determined by the by-laws and a majority must be citizens of the State. § 5189. Trustees or directors must take oath of office. § 5188.

Powers. They have general charge of the corporate affairs and property. The directors are trustees on voluntary dissolution (§ 9208), unless receiver be appointed by court (§ 9189), by the legislature or by the stockholders. § 9208. They may adopt by-laws for their own government, subject to the regulations of the stockholders. § 5191.

Liability. The directors are liable for illegal dividends. Rules for calculating profits are prescribed (§ 5220), and for any violation of these regulations, the directors are personally liable to creditors and stockholders for any loss sustained. § 5221. All statutory liabilities of stockholders, directors and officers are determined by court of common pleas in a creditor's action, by appointing a receiver, bringing in other creditors, publishing notices for non-resident stockholders, etc. §§ 5205-5212.

Meetings. May be regulated by directors' by-laws. § 5191. Any action of the directors borrowing money, issuing bonds, or involving an expenditure of money, shall be by a ye and nay vote, and the records must show the vote of each director. § 5201. A majority forms a quorum. § 5188.

Executive Committee. No statutory provision.

10. Officers.

A president, who must be a director, is prescribed and a secretary and treasurer, unless otherwise regulated. § 5188. Executive officers must be stockholders in an amount determined by the by-laws. Any receiver appointed must be a resident citizen of the State. § 5189. The principal accounting officer must be a resident of the State. § 6338. (See "Liability," under § 9.)

11. Principal Office.

Must be maintained in the State and be named in the articles of incorporation. § 5169. It may be changed by regular amendment. Manufacturing companies must maintain principal office in one of the

counties in which business is carried on, and notice of location or any change thereof must be published in newspaper of general circulation in such county. § 6338.

12. Corporate Books.

What Required. The directors must keep a record of stock subscribed and transferred and any assignee may demand the registry of transfer on the books. § 5195. Manufacturing companies are directed to keep accurate accounts showing financial condition of the company, its capital stock and shares, its property of every description, and credits subject to taxation. § 6338.

Where Kept. Manufacturing companies must keep account books at principal office in one of the counties where business is carried on. § 6338.

Examination of. The stock record and transfer books shall be open to the inspection of stockholders at all reasonable times. § 5195. Account books of manufacturing companies must be open to the inspection of assessor. § 6338.

13. Reports.

Business corporations must annually during May report to the Secretary of State: (1) Name of the corporation. (2) Location of principal office. (3) Names of president, secretary, treasurer and members of board of directors, with post-office address of each. (4) Date of annual election of officers. (5) Amount of authorized capital stock and par value of each share. (6) Amount of capital stock subscribed, amount issued and outstanding and amount paid up. (7) Nature and kind of business engaged in and place or places of business. (8) Change or changes, if any, in the above particulars since last annual report. Report must be sworn to by an executive officer. § 4150.

A newly organized corporation is not required to file its report until the May next following the expiration of six months after the date of its incorporation. § 4156.

14. Foreign Corporations.

How Authorized to Do Business. Foreign corporations before doing business in Ohio must file with the Secretary of State in form prescribed by him, a statement under oath of the proper officer, containing: (1) Number of shares of authorized capital stock and par value of each share. (2) Name and location of offices in Ohio, and name and address of officers or agents in charge of the business in Ohio. (3) Value of property owned and used by the company in Ohio and where situated; value of property owned and used outside of Ohio. (4) Proportion of capital stock represented by property and owned and used in Ohio and by business transacted there, on which proportion a tax of one-tenth of one per cent. is paid. § 183.

Also before securing a certificate of authority they must file with the Secretary of State a sworn copy of the certificate of incorporation, together with a statement under the corporate seal setting forth the capital stock, objects of incorporation, what business it proposes to

(Ohio)

do in Ohio, and designating a place of business in the State in charge of an agent to receive service of process. § 184. Fees to the Secretary of State for certificate: On capitalization of \$100,000 or less, \$15; from \$100,000 to \$300,000, \$20; from \$300,000 to \$500,000, \$25; from \$500,000 to \$1,000,000, \$30; \$1,000,000 or more, \$50. § 184.

Upon payment of the fees and tax prescribed, the Secretary of State issues a certificate of authority empowering the corporation to do business within the State. § 184.

Penalties for Non-Compliance. Fine of \$1,000 and an additional \$1,000 for every month of continued default. Also inability to sue on any contract made in the State. §§ 183, 184.

Taxation. Of property same as of individuals and same returns must be made during month of May. Same excise fees must be paid. §§ 4086-4149; Foote v. Co., Oh. Circ. 1905, p. 378.

Books. Right to examination of books will be enforced by mandamus. Ohio v. Farmer, 7 C. C. 429 (1893).

Reports. Foreign corporations must make an annual report to the Secretary of State during the month of September, containing: (1) Name of corporation and under the laws of what state or country organized. (2) Location of principal office. (3) Names of president, secretary, treasurer and directors, with post-office address of each. (4) Date of annual election of officers. (5) Authorized capital stock and par value of each share. (6) Amount of stock subscribed, amount issued, and amount paid up. (7) Nature of business and place or places of business both within and without the State of Ohio. (8) Name and location of its office or offices in Ohio, and the name and address of the officers or agents in charge of the corporate business in Ohio. (9) Value of property owned and used by the company in Ohio, where situated, and value of property owned and used outside of Ohio and where situated. (10) Change or changes if any in the above particulars since last annual report. On filing such report, sworn to by any proper officer, an annual privilege fee of one-tenth of one per cent. on capital employed in Ohio is paid to Secretary of State (§ 4151) in addition to the fees stated in §§ 183 and 184.

Penalty for failure to file report or pay fee as prescribed, \$1,000 and \$10 additional for each day's omission, which may be remitted by Governor or Secretary of State. § 183.

On each increase of stock employed in the State, foreign corporations pay the same fee as on original authorization on the amount of increase, and they are required to file a statement of such increase within thirty days thereof. § 183.

Attachments Against. On complying with the law enabling it to do business in the State, a foreign corporation is exempt from attachment on the ground of being a foreign corporation or non-resident. § 183.

15. Combinations and Monopolies.

Are provided against with penalties of forfeiture of charter or right to do business in the State, and fines and imprisonment for individual offenders, each day's violation to constitute a separate offence. §§ 7560-7597; State v. Gage, 72 Oh. St. 210 (1905).

OKLAHOMA.

1. Corporation Laws.*

Act of U. S. Congress. (July 30, 1886.) 24 U. S. St. at L., p. 170, provides that no local or special laws granting charters or franchises to corporations shall be passed by the legislature of the territories; prohibits public ownership or interest in corporations, and permits general laws for the formation of the corporations enumerated. (See "Statutes.") §§ 1, 2, 5.

Statutes. The corporation law of Oklahoma is contained in Ch. 18 of the Revised Statutes, 1903, of which Articles 1-8, inclusive, treat of corporations generally, Article 12 of mining and manufacturing corporations, and the remaining Articles treat specially of railroads and street railways, and road, bridge, trust, guaranty, religious, benevolent, educational, cemetery, banking and loan, and agricultural corporations. Article 23 provides for foreign corporations. There is a separate banking law found in Ch. 8, and an insurance law in Ch. 43 of the Revised Statutes. Under the general law corporations may be formed for any mining, manufacturing or industrial pursuit. § 941.

2. Taxes and Fees.

Organization Expenses. To Territorial Secretary: For filing articles of incorporation, \$5; issuing certificate, \$3; seal, \$1. Recording, 10 cents per folio; copies at same rate. § 3059.

Franchise Tax. None imposed.

Local Taxation. Shares of stock in the hands of stockholders are taxed and must be listed by holders (§ 5928), as of March 1st of each year. Depreciated stock may be listed at its actual value. § 5948. There are certain temporary exemptions and reductions to encourage cotton fabric manufactures (§ 1105) and irrigation. §§ 3301-4.

3. Incorporation.

Incorporators. Must be three or more. § 941. One-third must be residents. § 946.

Articles of Incorporation. Must be signed and acknowledged by each of the incorporators (§ 946), and must set forth (§ 943):

(1) Name of corporation. No statutory limitations as to selection of name, but in practice two corporations of the

* Sections given are of Revised Statutes of 1903 (Wilson's).

same name are not allowed. May not be changed unless expressly authorized by law. § 934.

(2) Purposes for which it is formed.

(3) Place where its principal business is to be transacted.

(4) Term for which it is to exist. Limited to twenty years for mining, manufacturing and industrial corporations. § 1084.

(5) Number of directors or trustees; their qualifications, and the names and residences of those who are to serve until the election of a board of directors.

(6) Amount of capital stock, and the number of shares into which it is divided.

Special clauses are provided for irrigation and mining companies. §§ 1092, 1096, 1097.

Filing and Recording. The articles of incorporation are filed in the office of the Secretary of the Territory, who issues a certificate over the Great Seal of the Territory that the articles with the required statement of facts have been filed (§ 947), and also records the articles in the "Book of Corporations." § 948. A certified copy of the articles issued by said Secretary is *prima facie* evidence of the facts therein stated and of corporate existence. § 949.

4. Organization.

First Meetings. The first meeting of stockholders must be held within the Territory (§ 974), not more than one month after incorporation, for the adoption of by-laws. These must be adopted by a majority vote of the subscribed capital stock at a meeting called on two weeks' notice in a newspaper published in the county where the principal place of business is located, or if none there, in an adjoining county. This first meeting may, however, be dispensed with and by-laws be adopted by written assent of two-thirds of the stock. § 962.

At this first stockholders' meeting, or at such subsequent meeting as may then be appointed, directors are elected to supersede those named in the articles of incorporation (§ 943), and to hold office for one year or until their successors are elected and qualified. § 966. Immediately after their election the directors must organize by the election of a president from their number, a secretary and a treasurer. § 969.

By-Laws. Must be adopted within one month after incorporation and may provide: (1) Time, place and manner of calling and conducting meetings. (2) Number of stockholders or members constituting a quorum. (3) Mode of voting by proxy. (4) Time of annual election of directors; mode and manner of notice thereof. (5) Compensation and duties of officers. (6) Manner of election and tenure of office of officers other than directors. (7) Suitable penalties for violations of by-laws, not exceeding \$100 for any one offence. § 963. By-laws may also provide for transfer of stock. § 961.

The by-laws must be certified by a majority of the directors and the secretary, and be copied in a "Book of By-Laws," and are not

effective until so copied. Power to make by-laws may be delegated to the directors by a two-thirds vote of the stock or members, always subject to their repeal and control. § 964.

Certificates. None required to show completed organization.

5. Corporate Existence.

When Commenced. On issuance of certificate of incorporation by Secretary of Territory. § 947. Of mining, manufacturing and other industrial corporations, is limited to twenty years. § 1084. Of corporations not specifically limited by the statutes, it may be perpetual. § 961. May be questioned only at suit of Territory and never collaterally. § 933.

Beginning Business. Business may be commenced forthwith and must be begun within one year. § 981. Mining, manufacturing and industrial corporations must commence construction of their works within ninety days from the date of issue of certificate of incorporation, and must complete the same within two years. § 1099.

Renewal. No provision.

Forfeiture of Charter. Occurs on failure to commence business within two years. § 981.

Dissolution. May be had voluntarily by application to court showing consent of two-thirds of the stockholders and payment of all corporate debts. § 980. Involuntary dissolution is provided for. §§ 980-984.

6. Corporate Powers.

General. The usual powers are enumerated. § 961.

To Hold Property. This power is limited to such property as the legitimate purposes of the corporation may require. § 961.

Its Own Stock. Unless otherwise provided, a corporation may purchase from its surplus profits, and hold and transfer its own stock at any time, or may purchase its stock in case there is no bidder at sales for non-payment of assessments (§ 997), or by unanimous consent in writing of all the stockholders at such price as they may agree on. § 959. Such stock is non-assessable and non-dividend bearing (§ 997), and is held subject to the control of the stockholders, a majority of the remaining shares being a majority of the stock for all purposes of voting. § 998.

Stock of Other Corporations. No statutory provisions.

To Borrow Money. The corporate debts must at no time exceed the subscribed capital stock. § 970; *Rogers v. Bonnett*, 2 Okl. 543; 37 Pac. 1075.

To Do Business in Other States. Mining, manufacturing and other industrial corporations may provide in their articles of incor-

poration for having a business office without the Territory, at any place within the United States, and may hold any meeting of the stockholders or directors at such office, always maintaining their main office, designated in the articles, within the Territory. § 1090.

Consolidation or Merger. Is provided for only between railroad corporations. § 1028.

Amendment of Charter. May be made by a two-thirds vote of the stock to include anything which might have been inserted originally and is accomplished (except for increase of capital stock) by filing "Amended Articles of Incorporation," executed by all the directors and officers of the corporation, and filing and recording same as in the case of original incorporation. § 945. (See "Increase of Stock" under § 7.)

7. Capital Stock.

Amount. Must be stated in articles of incorporation. § 943. No restrictions.

Initial Payment. Is not specified.

Consideration for Issue. No statutory provision. Assessments may be levied by the directors after one-fourth of the capital stock has been subscribed. §§ 985-1005.

Increase or Decrease. May be had on two-thirds vote of entire stock, at meeting called for that purpose by the directors, on notice stating the amount to which it is proposed to increase or decrease the capital stock, such notice to be served personally and published once a week for four weeks in a newspaper in the county of the principal place of business. A certificate thereof, signed by the chairman and secretary of the meeting and a majority of the directors, must be filed and recorded with the Secretary of the Territory. Written assent of three-fourths of the subscribed stock is effectual without a meeting. No reduction of capital stock to less than the corporate indebtedness or cost of proposed works is allowed. § 978.

Classes of Stock. No provision.

Par Value of Shares. Not prescribed.

Stock Certificates. Must be issued for fully paid stock and be signed by the president and secretary. By-laws may provide for issuance before full payment, under such restrictions and for such purposes as may be prescribed. § 957.

Transfer of Stock. May be had by endorsement and delivery of certificate, but no such transfer is valid except as between the parties until entered on the books of the corporation, such entry showing the names of the parties, the number of shares and the date of transfer. § 957. In case of non-resident transferees proof may be required and also bond. § 977.

8. Stockholders.

Rights and Powers. Two-thirds vote controls amendments, removal of directors, increase and decrease of stock, etc. §§ 978, 945, 972. Three stockholders may compel meetings for elections by application to justice of the peace. § 974.

Liability. A stockholder is liable to the extent of amount unpaid on his stock. Actions may be brought against stockholders holding unpaid stock, jointly or severally, and the court is to determine amount due from each, and a several judgment is rendered against each in conformity therewith. Liability is not released by transfer of unpaid stock. § 975. Stockholders of mining, manufacturing and industrial corporations are jointly and severally liable for all claims of employees of the corporation, after execution against corporation is returned unsatisfied, action to be brought within four months. § 1087.

Meetings. Must be held at the office or principal place of business within the Territory (§ 974), but mining, manufacturing and industrial corporations may hold stockholders' meetings without the Territory if so provided in the articles of incorporation. § 1090. If no time is specified in by-laws for annual election, it must be held on the first Tuesday in June. § 965.

Notice. Should be prescribed by by-laws. § 963. May be waived when all are present and sign written consent on the record. § 976. In an emergency, meetings may be called on warrant of a justice of the peace issued on application of three stockholders. § 974.

Quorum. Is a majority of the subscribed stock. § 973.

Voting. At elections voting is to be by ballot, each share having one vote, and a majority electing. § 967. Voting may be in person or by proxy. Shares must have stood in the name of the voter on the stock books of the corporation at least ten days prior to the meeting. § 973.

9. Directors.

Number. Must be not less than three nor more than eleven. § 968. They may be removed by a two-thirds vote of the stock. § 972.

Qualifications. Directors must be stockholders to such amount as the by-laws may prescribe (§ 968), and one-third must be residents of the Territory. § 938.

Powers. They control the corporate business and property. § 968. They may fill vacancies on the board unless otherwise provided by the by-laws. *Id.* They continue as trustees on dissolution unless other persons are appointed by court. § 982.

Liability. For illegal dividends and division of capital stock they are jointly and severally liable for corporate debts, in case of dissolution, to the extent of such dividend or division and there is no limit of time as to bringing of action to enforce same. They are also liable for permitting corporate debts to exceed subscribed capital stock. § 970. There are special liabilities for directors of mining, etc., companies. §§ 1085, 1091. Officers are liable for all damages resulting

from false reports, public notices or entries. § 971. Penal provisions also exist for frauds. §§ 2542-2563. Directors are deemed to have knowledge of acts of the board, and any director will be held liable therefor unless he causes his dissent to be entered on the corporate records, if he remains a director for six months thereafter. §§ 2559-2561.

Meetings. Directors' meetings of mining, manufacturing and industrial corporations may be held within or without the Territory if so provided in the articles of incorporation. § 1090. If no other provision is made by the by-laws, meetings must be called by special notice to each director in writing, by the secretary, at the order of the president, or on the order of any two directors. § 974. A quorum is a majority. §§ 968, 969.

Executive Committee. No specific provisions. May be appointed under the general powers granted corporations. §§ 961-963.

10. Officers.

A president, who must be a director, a secretary and a treasurer are prescribed, duties to be provided by by-laws. § 969. One-third of the officers must be residents of the Territory. § 938.

11. Principal Office.

Mining, manufacturing and industrial corporations, which are permitted to have an office and do business without the Territory, must maintain their main offices within the Territory, such office to be designated in the articles of incorporation. § 1090.

12. Corporate Books.

What Required. A "Book of By-Laws" is specified (§ 964) and a record of all business transactions; a journal of all meetings of directors and stockholders, giving full details and stating every act done or ordered to be done, who were absent and who present, ayes and nays, if requested, the entrance and exit of any member if requested and protests to any action in full. Also a "Stock and Transfer Book" containing an alphabetical record of all stockholders, instalments paid and unpaid, assessments levied, and paid or unpaid; all transfers, with date and by and to whom, and any other facts required by the by-laws. §§ 979. Regular books of account and vouchers of mining, etc., corporations must be kept. § 1086.

Where Kept. Not specified.

Examination of. The by-laws are open to the inspection of the public during business hours of each day except holidays. § 964. The other books and records required by the statutes are open to the inspection of directors, stockholders and creditors. §§ 979, 1086. As often as once a year a statement of such accounts shall be laid before the stockholders. § 1086. On written request of owners of twenty per cent. of the stock, the treasurer must make a sworn statement of the corporate affairs, or any desired part thereof, and deliver within twenty days, and also keep the same on file in his office for six months for inspection of any stockholder demanding the same.

Such statement may be required to be renewed every six months. § 1089.

13. Reports.

Any mining, manufacturing or industrial corporation must annually, within twenty days from January 1st, make a report and publish it in a newspaper at or nearest to its place of business, stating the capital stock, amount thereof actually paid in, amount and nature of its indebtedness, and amounts due the corporation, number and amount of dividends and when paid, and net profits. This is signed by the president and a majority of the directors, and verified by the president and secretary under the corporate seal and filed with the Register of Deeds of the county where such business is carried on. Neglect to file such report is a misdemeanor. § 1088.

Publication is required of annual reports of mining, manufacturing and other industrial corporations. § 1088. Notices of meetings may always be avoided by written consent (§ 978) or waiver. § 976.

14. Foreign Corporations.

How Authorized to Do Business. No foreign corporation shall transact business or hold property within the Territory until it has filed with the Territorial Secretary, a duly authenticated copy of its charter or articles of incorporation, which is recorded by him (§§ 1225, 1226), and a duly authenticated copy of the appointment or commission of an agent, residing at some accessible point in the Territory, in the county in which the principal business of the corporation is carried on, authorizing him to accept service of process against the corporation. This appointment or authorization is also filed and recorded in the office of the Register of Deeds of the county where such agent resides. § 1227.

Penalties for Non-Compliance. None prescribed. For violation of anti-trust law, foreign corporations forfeit right to do business in the Territory (§ 6740), and the penal statutes against corporate officers, etc., apply. §§ 2562, 2542-2563.

Taxation. No special provisions. § 5915.

Books. Reports. No requirements.

Attachments Against. Lie against as a foreign corporation, when cause of action arose wholly within the Territory (§ 4365), and without bond. §§ 4367, 4376.

15. Combinations and Monopolies.

To create, enter into, become a member of or party to any pool, trust, agreement, combination or understanding, to regulate or fix prices of, or prevent or restrict competition in sale of provisions, feed, fuel, lumber or other building materials, articles of merchandise or other commodity, is a misdemeanor, in individuals punishable by fine of from \$50 to \$500 (§ 6739), and in corporations (including the fixing of rate of interest) is punished by forfeiture of corporate rights and franchises in the Territory. § 6740. Purchasers from any offender against this law shall not be liable for the price, but may sue for damages. Evidence is facilitated and prosecuting attorney allowed one-fifth of recovery, in addition to fees and salary. §§ 6741-6743.

OREGON.

1. Corporation Laws.*

Constitution. (1859.) Corporations to be formed under general laws. Art. XI, § 2. Stockholders' liability limited to unpaid subscriptions. Id., § 3. State ownership or interest in any corporation prohibited. Id., § 6.

Statutes. The general corporation law is found in Bellinger & Cotton's Annotated Codes and Statutes (1902), Title XLI, with amendments in L. 1903 and 1905. Chapter I of the Codes and Statutes provides for the formation of private corporations "for the purpose of engaging in any lawful enterprise, business, pursuit or occupation" (§ 5052); Chapter II relates to appropriation of land for corporate purposes, Chapter III to foreign corporations, and the remaining Chapters, IV to VII, to railroad, building and loan, religious, charitable, educational, and cemetery corporations. Special titles provide for promotion and protection of industrial pursuits, agricultural societies, trade and commerce, public improvements, including highways, telegraph, irrigation, etc., and water rights.

2. Taxes and Fees.

Organization Expenses. Organization fee to Secretary of State on filing articles of incorporation: On capital stock not exceeding \$5,000, \$10; not exceeding \$10,000, \$15; not exceeding \$25,000, \$20; not exceeding \$50,000, \$25; not exceeding \$100,000, \$35; not exceeding \$250,000, \$45; not exceeding \$500,000, \$60; not exceeding \$1,000,000, \$75; not exceeding \$2,000,000, \$90; exceeding \$2,000,000, \$100. This includes filing and recording. L. 1903, pp. 40, 41. The annual license fee for the fraction of the fiscal year to July 1st next succeeding must also be paid. Id., p. 44.

Fees to County Clerk for recording, 10 cents per folio; 25 cents for certificates. § 3020.

Franchise Tax. Within thirty days after July 15th of each year, every business corporation, domestic or foreign, except mining (L. 1905, Ch. 214), must pay an annual license fee to the State Treasurer in proportion to its authorized capital stock, as follows: Not exceeding \$5,000, \$10; not exceeding \$10,000, \$15; not exceeding \$25,000, \$20; not exceeding \$50,000, \$30; not exceeding \$100,000, \$50; not exceeding \$250,000, \$70; not exceeding \$500,000, \$100; not exceeding \$1,000,000, \$125; not exceeding \$2,000,000, \$175; exceeding \$2,000,000, \$200. L. 1903, pp. 43, 44. Mining companies filing annual report showing an-

* Sections given, unless otherwise noted, are of Bellinger & Cotton's Annotated Codes and Statutes (1902).

nual output not exceeding \$1,000 pay an annual fee of \$10 regardless of capitalization. L. 1905, Ch. 214.

Local Taxation. Shares of corporations which are taxed on their capital are not taxed in the hands of stockholders. § 3055.

General. On increase of capital stock, the fee on increase is the same as for an original incorporation. L. 1903, p. 42. Fee on filing certificate of decrease of capital stock or of dissolution or for supplementary articles, \$5. Id., pp. 42, 43.

3. Incorporation.

Incorporators. Must be three or more. § 5052. No requirements as to residence.

Articles of Incorporation. Are subscribed and acknowledged in triplicate by the incorporators, and must specify (§ 5055):

(1) Name of corporation. Must not so closely resemble that of an existing corporation that in the opinion of the Secretary of State it will lead to confusion. L. 1903, p. 41. May be changed by amendment. § 5073.

(2) Duration, if limited.

(3) Enterprise or business in which it proposes to engage.

(4) Place where it proposes to have its principal office or place of business. Must be within State.

(5) Amount of capital stock. No limitations.

(6) Amount of each share. No restrictions.

Filing and Recording. One copy of the articles of incorporation is filed and recorded with the Secretary of State, one in the office of the clerk of the county in which the business is carried on or the principal office is located, and one is retained by the corporation. § 5053. On payment of the fees and taxes, the Secretary of State issues certificate stating facts contained in the articles, date of filing and fees paid. L. 1903, p. 40.

4. Organization.

First Meetings. The incorporators are to open books for stock subscriptions, and first meeting of subscribers for election of not less than three directors may be called when one-half the capital stock has been subscribed. § 5057. Such meeting may be attended by proxy. § 5058. Notice must be published thirty days, once each week, unless all subscribers are present and waive notice. § 5061.

The incorporators are inspectors of election at first meeting, certify who are elected directors and appoint time for the first directors' meeting. After the first election shares on which any instalment or portion thereof remains due and unpaid are not permitted to vote. § 5058.

By-Laws. Are adopted by stockholders. May provide for the transfer of stock, for the management of property and business of the

corporation, and for sale of stock for delinquent assessments on thirty days' notice. § 5056.

Certificates. None are required to show completed organization, but annual report must be filed in June, giving names and addresses of officers and all facts about payment and issuance of capital stock. L. 1903, p. 43.

5. Corporate Existence.

When Commenced. On completed filing of articles of incorporation. § 5056. May be unlimited. § 5055. Continues five years after dissolution for the purpose of settling affairs. § 5068.

Beginning Business. Business may be commenced when one-half of the capital stock has been subscribed (§ 5057), and must be begun within one year from the date of filing the articles. § 5067.

Renewal. Not provided for, the law contemplating perpetual existence.

Forfeiture of Charter. Occurs on failure to organize and commence business for one year, and on neglect to carry on the same for any period of six months thereafter. § 5067. The fact that a tax or fee legally due from a corporation has not been paid, may be interposed at any time before trial as a defence in any action brought by a corporation. L. 1903, p. 49.

Dissolution. May be effected by a vote of the majority of the stock. § 5070. A certificate sworn to by the secretary, under the corporate seal, must be filed with the Secretary of State, setting forth the facts. L. 1903, p. 41. Secretary of State issues certificate of dissolution. *Id.*, p. 42.

6. Corporate Powers.

General. General powers are enumerated. § 5056.

To Hold Property. This power is conferred to the extent of corporate necessities. § 5056.

Its Own Stock. On organizing, corporation can not subscribe for its own stock. *Holladay v. Elliott*, 8 Or. 84 (1880).

Stock of Other Corporations. The power is fully conferred. L. 1903, p. 212.

To Borrow Money. No express limitations. *Silsby v. Strong*, 38 Or. 39, 41 (1900).

To Do Business in Other States. Mining companies are expressly given this power to the extent of having offices and officers and holding directors' meetings without the State, but on express condition of maintaining office within the State with an agent or officer in charge. L. 1905, Ch. 190. (See § 11, "Principal Office.")

Consolidation or Merger. No statutory provisions.

Amendment of Charter. Amendments are made by filing and recording supplementary articles in same manner as original articles of incorporation, with publication of notice of filing. §§ 5070, 5073; L. 1903, pp. 42, 43. Capital stock or general place of business may be changed by majority vote. §§ 5070, 5072. The primary objects or purposes stated in the articles of incorporation may be changed by adding any business cognate or germane thereto, or the corporate name may be changed, on a three-fourths vote of all the subscribed stock. To engage in any new enterprise or pursuit, a seven-eighths vote is necessary. The directors must cause notice of the filing of supplementary articles to be published, setting forth the object of the same. § 5073.

7. Capital Stock.

Amount. Not limited by law but must be stated in articles of incorporation. § 5055.

Initial Payment. Is not specified, but one-half of the authorized stock must be subscribed before organization. § 5057.

Consideration for Issue. Corporations are authorized to purchase real or personal property, including stock of any other corporation, and issue in payment full paid stock to the amount thereof. In the absence of actual fraud the judgment of the directors as to value is conclusive. Stock so issued to be reported according to the facts. L. 1903, p. 212.

Assessments are governed by by-laws. Sale for delinquent assessments may be had on thirty days' notice of time and place, published in newspaper in circulation in the neighborhood of such company. § 5056. Assessments can not be levied until one-half of the capital stock has been subscribed. *Willamette, etc. Co. v. Stannus*, 4 Or. 262; *Coyote, etc. Co. v. Ruble*, 8 Or. 284 (1880).

Increase or Decrease. May be had by a vote of the majority of the stock. Certificate must be filed by the secretary of the corporation with the Secretary of State, under the corporate seal, with a full copy of the resolutions authorizing the same and a statement that such change was adopted by a vote of the majority of the stock at a meeting duly called for that purpose. § 5070; L. 1903, p. 41. On payment of prescribed fees, Secretary of State issues certificate of filing. *Id.*, p. 42.

Classes of Stock. No provisions.

Par Value of Shares. Not prescribed but is to be stated in articles of incorporation, and may be changed in same manner as change of capital stock is accomplished. § 5070; L. 1903, pp. 41, 42.

Stock Certificates. Are not prescribed as to form or contents.

Transfer of Stock. Is to be regulated by by-laws (§ 5056), and does not relieve transferee from liability for any unpaid balance. § 5065.

8. Stockholders.

Rights and Powers. By a majority vote, capital stock or general place of business may be changed (§§ 5070, 5072) and dissolution effected. § 5070; L. 1903, p. 41. Change of name requires a three-fourths vote, as do additions to primary objects. To engage in new enterprise or pursuit requires seven-eighths vote. § 5073.

Liability. Stockholders are liable for corporate debts only to the extent of their unpaid stock. Const., Art. XI, § 3. On voluntary sale of stock, seller remains liable for such unpaid balance, unless the same be paid by the purchaser. § 5065. Enforceable only after judgment against corporation and execution returned *nulla bona*. *Hodges v. Co.*, 9 Or. 200 (1881).

Meetings. Must be held within the State in the absence of statutory authority otherwise. Are to be held annually for election of directors, and after the first election, the president acts as inspector of election. § 5062.

Notice. Is to be prescribed by directors but may be waived on record. § 5061.

Quorum. No provision. Should be prescribed by by-laws.

Voting. Each share has one vote, and no share may be voted on which any instalment or portion thereof remains unpaid. § 5058.

Proxies. Voting by proxy is permitted. § 5058.

9. Directors.

Number. Must be not less than three. § 5057.

Qualifications. They must be stockholders. They cease to be directors when they cease to be stockholders. A majority of the directors must be residents of the State (of mining companies only one [L. 1905, Ch. 190]), and each of them must take and subscribe an oath of office. § 5059. They are not entitled to compensation unless authorized by vote or by-laws before the services were rendered. *Wood v. Co.*, 23 Or. 20 (1890).

Powers. They have no unusual powers. Their judgment as to value of property, etc., taken in payment of stock, is conclusive in the absence of fraud. L. 1903, p. 212.

Liability. For declaring and paying any dividend when the company is insolvent, or which would render it insolvent or diminish its capital stock, the directors are jointly and severally liable for corporate debts then existing or incurred while they remain in office. For fraudulently obtaining credit for the corporation they are personally liable to the person injured. Dissenting or absent directors exempt themselves from liability by filing objections. § 5066. Penal provisions also exist. §§ 1838-9.

Meetings. Must be held within the State except of mining corporations actually engaged in mining operations. L. 1905, Ch. 190. A majority is a quorum unless a lesser number is specified by the

by-laws, in which case a certificate of such fact must be filed with the Secretary of State and County Clerk. § 5062.

Executive Committee. No provisions.

10. Officers.

A president, who must be a director, is prescribed, and a secretary, who shall keep a correct record of the corporate business. § 5060. A treasurer is also contemplated by the statutes. L. 1903, p. 43.

11. Principal Office.

Must be maintained in the State and be named in the articles of incorporation. § 5055. May be changed by a majority vote of the stock. § 5072. Mining companies permitted to have offices without the State must maintain an office within the State, and unless the president is a resident of the State, must have an agent, residing in the county of the principal office, on whom process may be served; and must include in their annual statements the name and residence of such agent. L. 1905, Ch. 190.

12. Corporate Books.

What Required. The secretary is to keep a record of the official business of the corporation. § 5060. Every corporation must keep a stock book to show intelligently the original stockholders, their respective shares, amounts paid, amount due thereon and all transfers. § 5063.

Where Kept. Obviously at the principal office in the State.

Examination of. The stock book or a certified copy thereof as to the items above stated, as well as all other books of the corporation necessary for carrying on its business, shall be subject to the inspection at all reasonable hours of any person interested therein and applying therefor. § 5063.

13. Reports.

Business corporations must during the month of June in each year, furnish to the Secretary of State, on blanks furnished by him, a statement sworn to by an officer (or authorized agent of a foreign corporation), setting forth corporate name, location of principal office, name of president, secretary and treasurer, with post-office address of each, date of annual election of directors and officers, amount of authorized capital stock, number of shares and par value of each, amount of capital stock subscribed, amount issued, and amount paid, specifying amount paid in property. L. 1903, p. 212. Foreign corporations and mining corporations having offices without the State must also state name and post-office address of State agent. L. 1903, p. 43; L. 1905, Ch. 190. Mining companies may include in this report

(Oregon)

a statement in general terms of the amount of work done and improvements made since last annual report, with the value of the output or product of their mines from January 1st to December 31st of the preceding year, and a statement that they are not engaged in any other business than mining. Such companies are exempt from annual license tax—above \$10—if such output does not exceed \$1,000. L. 1905, Ch. 214.

Publication is required of notice of filing of supplementary articles of incorporation, for change of name or change of business. § 5073.

14. Foreign Corporations.

How Authorized to Do Business. Every foreign corporation before transacting business in the State, must file with the Secretary of State a declaration of its desire to so engage in business, setting forth full name under which it proposes to transact business; name of the state or country under whose laws it was organized; location of its home office; date of its formation; amount of capital stock; nature of pursuit or business in which it is authorized to engage; location of principal office in the State; name of its attorney in fact in State; names and addresses of its principal officers and of its directors, and the name and residence of its general agent in the State. Declaration must be accompanied by certified copy of charter or articles of incorporation, duly authenticated by the State or Government authorities. § 7; L. 1903, pp. 39, 44, 46.

Also a duly executed power of attorney must be similarly filed, appointing a citizen of the United States and a resident of the State its attorney in fact on whom process may be served. § 6. On payment of fee of \$50 and the annual license fee for the succeeding fraction of the fiscal year (to July 1st), the Secretary of State issues a certificate of authority. L. 1903, pp. 46, 47.

Penalties for Non-Compliance. Inability to maintain suits. L. 1903, pp. 47, 48. On failure to maintain attorney in fact, service may be made on Secretary of State. *Id.*, p. 45.

Taxation. Same annual license fee is paid as by domestic corporations, on or before August 15th, or "within thirty days after July 15th." Fiscal year commences July 1st. L. 1903, p. 44.

Books. No special provisions.

Reports. The same annual report is required of foreign corporations as of domestic corporations, adding only the names and post-office addresses of its managing agents or attorneys in fact in the State. L. 1903, p. 43.

Attachments Against. There are no special provisions as to foreign corporations.

15. Combinations and Monopolies.

Combinations of railroads to prevent continuous carriage, and pooling freights is declared unlawful. § 5127.

PENNSYLVANIA.

1. Corporation Laws.

Constitution. (1874.) No local or special laws shall be passed creating or affecting any corporation. Art. III, § 7. No corporation shall engage in any business not expressly authorized by charter (Art. XVI, § 6), and it may hold only such real estate as is necessary and proper for its legitimate business. Id. Stock and bonds shall be issued only for labor done, or money or property received. Fictitious increase of stock or indebtedness void. Id., § 7. Neither stock nor indebtedness shall be increased without consent of a majority of the stock given at a meeting on sixty days' notice. Id. Cumulative voting must be allowed. Id., § 4. Public ownership or interest in private corporations is prohibited. Art. IX, §§ 6, 7.

Statutes. The general corporation law of Pennsylvania is contained in the Laws of 1874, p. 73, and the supplemental and amendatory enactments. Two classes of corporations are provided for, the first comprising those not for profit, the second those organized for profit. Corporations for profit (second class) are enumerated and authorized in twenty-seven groups, which include all usual lines of business. Section 18 of this enumeration provides for "any mechanical, mining, quarrying or manufacturing business," etc. This has been amended and extended by the addition of the words "and also including companies for the transaction of any lawful business not otherwise specifically provided for." L. 1901, Act 313. Special acts apply to banking, railroad, canal, coal, navigation, insurance, natural gas, street railway, pipe line and traction companies and co-operative associations.

2. Taxes and Fees.

Organization Expenses. To State Treasurer, a bonus of one-third of one per centum of authorized capital stock. L. 1899, Act 120. To Secretary of Commonwealth for filing papers creating corporation, \$30. L. 1873, Act 30, § 1. Cost of publication approximately, \$10. Local recording fees, 25 cents per folio.

Franchise Tax. An annual franchise tax of five mills on each dollar of actual value of the whole capital is payable to State Treasurer. L. 1893, Act 288. Taxes at various rates are imposed on special franchises. Id. Manufacturing companies are exempt to the extent of capital actually employed in manufacturing within the State. Id. (For returns see § 13, "Reports.")

Local Taxation. Stocks of corporations paying bonus are not taxed as against the individual stockholders. If corporation makes return of bonds and pays three mills on each dollar of interest received, resident bondholders are not taxed on their bonds. L. 1885, Act 162.

General. To State Treasurer: On increase of capital stock, a bonus of one-third of one per cent. on the authorized increase. L. 1899, Act 120. Upon merger same bonus is paid on any capital stock of the new company in excess of the aggregate capital stock of the constituent companies.

To Secretary of the Commonwealth: For filing and recording affidavit of paid up capital, \$10; of evidence of increase or decrease of capital stock, or indebtedness, \$30; for filing amendments, \$30; filing agreements of merger, \$60; filing evidence of dissolution, \$10; change of corporate name, \$20 (Rules of Secretary of Commonwealth); certificate with great seal, \$1; with less seal, 75 cents; without seal, 50 cents; certified copies, 25 cents a page. L. 1871, Act 227 and L. 1873, Act 30.

3. Incorporation.

Incorporators. Must be three or more, one of whom at least must be a citizen of the Commonwealth. L. 1901, Act 207.

Formation.

1. **Certificate of Incorporation.** Is prepared on blanks furnished by the Secretary of the Commonwealth and must be subscribed, acknowledged and verified by at least two of the incorporators, one of whom must be a citizen of the Commonwealth, before the recorder of the county in which the corporation is to be located, or before any notary public of Pennsylvania. L. 1891, Act 12. It must set forth (L. 1874, Act 32, pp. 73, 75):

(1) Name of the corporation. Similarity of name prohibited. L. 1903, Act 185. May be changed by two-thirds vote of stock. Id.

(2) Purpose for which it is formed. No corporation shall be authorized to transact more than one kind of business. L. 1901, Act 313; Rules of Secretary of Commonwealth.

(3) Place where its business is to be transacted and its corporate functions are to be exercised. Must be within the Commonwealth. L. 1893, Act 289.

(4) Names and residences of the subscribers and number of shares subscribed by each.

(5) Number of directors and names and residences of those chosen for the first year. Number must be at least three.

(6) Amount of capital stock and the number and par value of shares into which it is divided. No limitation as to amount of capital. Par value of shares must not exceed \$100 (L.

1874, Act 32, p. 79); of mining companies may be §1. L. 1865, Act 19, § 8.

(7) Of all corporations for profit (excepting building and loan associations), it must further be stated that ten per centum of the capital stock thereof has been paid in cash to the treasurer of the intended corporation, whose name and residence must be given therein. L. 1874, Act 32, § 3.

(8) If any stock is issued for property, a statement of the amount so issued and to whom, and description of property received therefor must be inserted. L. 1876, Act 25.

2. **Notice of Intention.** A notice of intention to apply for charter must be inserted for three weeks in two newspapers of general circulation printed in the proper county. This notice must contain the names of at least three of the incorporators, must specify the Act of the Assembly under which the application is to be made, must state the purposes proposed and must designate the time when application will be made to the Governor. L. 1874, Act 32, § 3. During this period of publication, the certificate should be on file in the office of the Secretary of the Commonwealth, and the fee for letters patent and bonus fee should accompany the application. Rules of Secretary of the Commonwealth.

3. **Application to Governor.** After completion of prescribed publication of notice, the certificate of incorporation, together with due proof of publication of notice, is presented to the Governor, who, if the application is proper and in due form, endorses his approval thereon and grants letters patent. L. 1874, Act 32, § 3. Ten per cent. of the capital stock must be paid in to the Treasurer in cash before certificate will be approved by Governor. Id.

4. **Filing and Recording.** The certificate is thereupon recorded in the office of the Secretary of the Commonwealth and the original certificate with all the endorsements is recorded in the office for the recording of deeds in the county in which the chief operations are to be carried on. L. 1874, Act 32, § 3. An abstract of the charter with certain additional information is also registered with the Attorney General. L. 1879, Act 122. (See under § 4, "Certificates.")

4. Organization.

First Meetings. If a majority of the stockholders are residents of the State, the organization meetings must be held within the State. If, however, a majority of the directors, incorporators or stockholders are citizens of another state, the corporation may be organized and directors' and stockholders' meetings held at such place as the majority from time to time appoint, whether within the State or elsewhere, except as to annual election, which must always be held within the State. L. 1866, Act 1119. The directors for the first year are named in the charter. L. 1874, Act 32, § 3.

By-Laws. Are adopted by the stockholders and prescribe the time and place of meetings, the powers and duties of officials, and

such other matters as may be pertinent and necessary for the business to be transacted, and may contain penalties for breach thereof, not exceeding \$20. L. 1891, Act 52. They may be amended at any meeting of the stockholders duly called for that purpose. *Bagley v. Co.*, 201 Pa. St. 78.

Certificates. Before beginning business every corporation must register with the Auditor General the corporation's name, the date of incorporation, the authority under which formed, its place of business and post-office address; also names of president, chairman, secretary and treasurer and cashier, and amount of capital stock authorized and amount paid in, under penalty of \$500. L. 1879, Act 122; L. 1889, Act 322.

5. Corporate Existence.

When Commenced. Commences on recording charter in county recorder's office and may be perpetual. L. 1874, Act 32, § 3. Corporate existence can not be attacked collaterally. L. 1885, Act 116; *Monongahela, etc. Co. v. Co.*, 196 Pa. St. 25.

Beginning Business. Ten per cent. of capital stock must be paid in to the treasurer of the company in cash before certificate will be approved by Governor. L. 1874, Act 32, § 3. Business may not be commenced until registration of certificate with the Auditor General (See under § 4, "Certificates"), (L. 1879, Act 122) nor until bonus is paid. L. 1899, Act 120. Business must be commenced within two years. L. 1883, Act 108, § 5.

Renewal. Charter may be renewed by execution, approval and recording as was the original, of a new certificate. This certificate must state that it is a renewal of the original charter, naming the corporation and date of its first incorporation. The instrument must be accompanied by a certificate under the corporate seal, showing consent of a majority in interest of the stock; also the financial condition of the corporation, capital stock paid in, funded debt, floating debt, and the estimated value of property and cash assets. L. 1874, Act 32, § 40.

Forfeiture of Charter. Occurs on failure to commence operations in two years after incorporation, on proper steps taken by the Attorney General on application of any citizen. L. 1883, Act 108, § 5. Quo warranto lies for non-user or misuser. L. 1836, Act 174; L. 1853, Act 146; L. 1872, Act 39.

Dissolution. May be had by petition to court by a majority vote of the stockholders (L. 1856, Act 308), or by quo warranto. L. 1836, Act 174. Appointment of receiver is provided for. L. 1893, Act 22. Certified copy of decree to be filed and recorded with Secretary of Commonwealth. L. 1856, Act 308.

6. Corporate Powers.

General. Common law powers are enumerated. L. 1874, Act 32, § 1.

To Hold Property. The power to hold real estate is limited to corporate necessities. Const., Art. XVI, § 6.

Its Own Stock. A corporation has the right to purchase its own stock where the transaction is made in good faith and is not prohibited by statute. *Dock v. Cordage Co.*, 167 Pa. St. 370.

Stock of Other Corporations. This power is fully conferred. L. 1901, Act 298; L. 1905, Act 39; *Commonwealth v. Co.*, 197 Pa. St. 569.

To Borrow Money. The limitations on corporate indebtedness of L. 1889, Act 237, is removed by L. 1905, Act 190, which permits the increase of capital stock or indebtedness, or both, with the consent of a majority of the stock, "to such an amount in the aggregate of each, without regard to the amount of the other, and regardless of any limitation on the amount of either, as it shall deem necessary to accomplish and carry on and enlarge the business and purposes of such corporation." Franchise may be mortgaged. *Id.*

To Do Business in Other States. Manufacturing companies are specially authorized to carry on their business, or so much thereof as is convenient, beyond the limits of the Commonwealth, and to hold there any real or personal property necessary for conducting the same. L. 1874, Act 32, § 39.

Consolidation or Merger. Is permitted with the usual procedure. A majority vote of the stock is sufficient. L. 1901, Act 216. Before consolidation, certificate of Auditor General must show that required reports have been filed and taxes paid. L. 1905, Act 71. Consolidation is prohibited between railroads, telegraph or canal corporations owning parallel lines. Const., Art. XVII, § 4.

Amendment of Charter. May be effected by application to the Governor, notice being first given of intention to apply for same by means of publication once a week for three weeks in two newspapers in general circulation printed in the county in which principal office or place of business is located, and a certificate stating the amendment, to be executed by the president and secretary, with further procedure as on original incorporation. L. 1883, Act 108. Required reports must have been made and all taxes paid before amendment will be granted. L. 1905, Act 70.

7. Capital Stock.

Amount. No limitation. L. 1899, Act 120; L. 1905, Act 190.

Initial Payment. The certificate of incorporation must show that ten per cent. of the capital stock has been paid in cash to the treasurer, who must be named in the charter. L. 1874, Act 32, § 3.

Consideration for Issue. No note or obligation given by a stockholder, whether secured by pledge or otherwise, shall be considered as payment of any part of the capital stock. L. 1887, Act 159; L. 1905, Act 39. Corporations may take real or personal property, mineral or patent rights and other property necessary for the purposes of organization and business, and issue stock to the value thereof in

payment thereof, and stock so issued shall be taken to be full paid and not liable to further calls or assessments, but in any certificate or statements such stock must be stated and certified according to the facts. L. 1876, Act 25, § 4. The stock so issued may be made deferred stock to await payments of dividends on other full paid stock to the extent of five per cent. And the facts in this regard must be stated in the charter or in a certificate to be made and recorded. *Id.* All fictitious issue of stock void. *Id.*; Const., Art. XVI, § 7.

If owner of shares in a mining or manufacturing company is thirty days in default, the treasurer may sell at auction, after publication for three weeks, enough of the shares to pay all assessments due and costs of sale. L. 1874, Act 32, § 39.

Increase or Decrease. May be had by the consent of the persons or bodies corporate holding the larger amount in value of the stock, at meeting called by resolution of the board of directors on notice published once a week for sixty days in a newspaper published in the county, city or borough of the chief office or place of business in the Commonwealth, where the meeting must be held. Three judges of election must be appointed by the directors from the stockholders, who must be severally sworn in writing. Voting must be by ballot, each ballot showing the number of shares represented thereby and being signed by the owner, or by the person holding his proxy and no shares may be voted which have been transferred within sixty days before the meeting, nor shall any proxy be valid unless it bears date and was executed within three months next preceding the meeting. If consented to, a certificate of increase must be filed with the Secretary of the Commonwealth within thirty days after the meeting, consisting of a copy of the returns of the judges of the election, with a copy of the resolution and notice calling the meeting. L. 1874, Act 25. Within thirty days after the accomplished increase, the president or treasurer must make return under oath to the Secretary of the Commonwealth, of the amount and terms of such increase, on penalty of \$5,000. *Id.*; L. 1905, Act 190. The Secretary of the Commonwealth records the return and furnishes certified copy thereof to the Auditor General. L. 1874, Act 25, § 5. Same proceedings for reduction. L. 1905, Act 183; also see Const., Art. XVI, § 7. Old stockholders have prior right to new stock. *Electric Co. v. Co.*, 200 Pa. St. 516.

Classes of Stock. May be created by consent of majority in interest of the stockholders, at meeting called for that purpose on thirty days' notice published in newspaper in the proper county, dividends not exceeding 12 per cent., as prescribed by the directors, to be paid out of net earnings only. L. 1872, Act 28; L. 1874, Act 32, § 16.

Par Value of Shares. Shall not be more than \$100 each. L. 1874, Act 32, § 11. May be changed by same proceedings as prescribed for increase of stock. L. 1901, Act 302.

Stock Certificates. The stockholders shall receive certificates of stock signed by the president, countersigned by the treasurer and sealed with the corporate seal. L. 1874, Act 32, § 7; L. 1895, Act 172.

Transfer of Stock. Shares are transferable on the books of the company, as the by-laws may prescribe. And no certificate shall be

transferred so long as the holder is indebted to the company unless the board of directors assent thereto, nor until all calls thereon have been paid, or they have been declared forfeited for such non-payment. L. 1887, Act 159.

8. Stockholders.

Rights and Powers. They adopt by-laws (L. 1891, Act 52), and control amendments, etc., by majority vote. Change of name requires a two-thirds vote. L. 1903, Act 251.

Liability. Stockholders are liable for any amount remaining unpaid on their stock. L. 1874, Act 32, § 11. Stockholders are also liable to the amount of stock held by each, for wages of employees. L. 1876, Act 25, § 3. Actions to enforce are brought jointly against the corporation and one or more of the stockholders, and execution is first levied on property of the corporation and if insufficient, is collected out of the stockholders' property. Stockholder paying same may enforce contribution. Employee's suit must be brought within six months after wages become due. L. 1874, Act 32, § 15.

Meetings. Directors are to be elected annually by the stockholders (L. 1891, Act 52) at meeting held within the State. L. 1866, Act 1119; L. 1893, Act 289. If a majority of the stockholders, incorporators or directors reside without the State, meetings other than elections may be held without the State. L. 1866, Act 1119. Meetings for increase or decrease of stock must be held in Pennsylvania. L. 1874, Act 25, § 3. The judge or officer holding election must first take oath that he will receive no votes except such as he verily believes to be legal. L. 1874, Act 32, § 8. Failure to properly take oath makes election irregular and new election may be ordered by court of common pleas of proper county on application of not less than five stockholders. *Id.* Time and place of holding annual or other meetings may be changed by a two-thirds vote of the directors approved by a two-thirds vote of the stockholders, at a meeting duly called; certificate thereof to be filed by the president under the corporate seal with the Secretary of the Commonwealth and Auditor General. L. 1893, Act 289.

Notice. Sixty days' notice is prescribed by the Constitution for increase of stock or indebtedness. Art. XVI, § 7. Notice for other meetings may be prescribed by by-laws.

Quorum. Unless otherwise determined by the by-laws, a majority in interest of the stockholders constitutes a quorum. L. 1874, Act 32, § 6.

Voting. Cumulative voting must be allowed. Const., Art. XVI, § 4; L. 1876, Act 36. Voting at elections must be by ballot and voting by proxy is permitted. No stockholder may vote who is in default for assessments for thirty days prior to the election. L. 1874, Act 32, § 11.

Proxies. May or may not be acknowledged, but must be attested by one witness, and are not valid for more than two months after date. L. 1903, Act 17.

9. Directors.

Number. Not less than three. L. 1891, Act 52. May be changed at any annual or other meeting of the stockholders called for that purpose, or by the directors themselves if authorized thereto by the by-laws. L. 1901, Act 51. The directors may be divided into from one to four classes, one class to be elected each year. L. 1887, Acts 93, 274.

Qualifications. Need not be stockholders. Opinion of Atty. Gen., 7 Pa. C. C. 178. One at least must be a resident of the State. L. 1887, Act 166.

Powers. They may elect officers or directors to fill vacancies until next election. L. 1874, Act 32, § 9. They are trustees on dissolution unless court appoints a receiver. L. 1872, Act 39; L. 1893, Act 22. They may change their own number if so authorized by the by-laws. L. 1901, Act 51.

Liability. Directors of manufacturing companies are liable for corporate debts to the extent of any illegal dividends declared and paid, and for any debts permitted to be contracted in excess of the paid capital stock. Directors absent or objecting to any such action may exempt themselves from liability by filing objection in writing with clerk of the company. L. 1874, Act 32, § 39. There are penal provisions for omission to make entries, for false entries or for being interested in furnishing materials or supplies, etc. *Strunk v. Owen*, 199 Pa. St. 73; *Erny v. Schmidt Co.*, 197 Pa. 475.

Meetings. Directors' meeting may be held without the State if a majority of the stockholders and directors are citizens of any other state. L. 1866, Act 1119. In the absence of a by-law or custom to the contrary, at least one full day's notice should be given. *Library Hall v. Ass'n*, 173 Pa. St. 30. A majority of the whole number of directors constitutes a quorum. L. 1891, Act 52.

Executive Committee. May be provided for by by-laws.

10. Officers.

General. A president, secretary or clerk and a treasurer are required and such other officers, agents and factors as the corporation authorizes. President must be a director. L. 1891, Act 52. The secretary or clerk must be sworn, and must record the votes of the corporation and the minutes of its transactions in a book kept for that purpose. *Id.* The treasurer must file bond as required by the by-laws, and he shall keep the moneys of the corporation in a separate book account to his credit as treasurer. For failure to do so he is liable to penalty of \$50 for each day he defaults, recoverable at the suit of the informer. L. 1874, Act 32, § 9.

11. Principal Office.

Must be maintained in the Commonwealth, and may be changed by two-thirds vote of directors, approved by two-thirds vote of the

stockholders, at meeting duly called; a certificate specifying the change to be filed by the president in the offices of the Secretary of the Commonwealth and of the Auditor General. L. 1893, Act 289.

12. Corporate Books.

What Required. The secretary or clerk is charged with keeping a record of votes by the corporation and minutes of its transactions. L. 1891, Act 52.

Where Kept. At the principal office in the State. L. 1891, Act 52; L. 1893, Act 289.

Examination of. The certificate of stock and transfer book or either shall be *prima facie* evidence of the right to vote. L. 1893, Act 90; *Neubert v. Armstrong W. Co.*, 211 Pa. St. 582.

13. Reports.

Every stock corporation, except banks, savings institutions and foreign insurance companies, must make an annual report to the Auditor General in November of each year, stating: (1) Total authorized capital stock. (2) Total authorized number of shares. (3) Number of shares issued. (4) Par value of each share. (5) Amount paid on each share. (6) Amount of capital paid in. (7) Amount of capital on which dividend has been declared. (8) Date of each dividend declared during year ending first Monday of November. (9) Rate per cent. of each dividend. (10) Amount of each dividend during year ending first Monday of said month. (11) Gross earnings during year. (12) Net earnings during said year. (13) Amount of surplus. (14) Amount of profit added to sinking fund during said year. (15) Highest price of sales of stock between November 1st and 15th. (16) Highest price of sales of stock during the year aforesaid. (17) Average price of sales of stock during the year.

Two officers of the company are to appraise the stock between November 1st and 15th, and one of these officers is to verify the report. But the Auditor General and State Treasurer may make further examination and appraise the stock at actual value found by them. L. 1891, Act 200, § 4.

Penalty for failure to file report for three tax years is fine of \$500. L. 1905, Act 121. If report is not made after notification, the authorities are directed to make a return as near as possible and add fifty per cent. to the amount as a basis for taxation. L. 1905, Act 134.

Before beginning business in the State, all corporations must file with the Auditor General a statement giving: (1) The name of the company; (2) date of incorporation; (3) authority under which formed; (4) place of business; (5) post-office address; (6) names of the president, chairman, secretary and treasurer or cashier; (7) amount of capital authorized; (8) and the amount of capital paid into the treasury; and shall thereafter annually notify the Auditor General of any change in their officers. A penalty of \$500 is imposed for failure to file this statement. L. 1879, Act 122; L. 1889, Act 322.

14. Foreign Corporations.

How Authorized to Do Business. No foreign corporation shall do business in the State without having one or more known places of business and an authorized agent or agents therein on whom process may be served. Const., Art. XVI, § 5. Before commencing business a foreign corporation must file a report with the Secretary of the Commonwealth, under seal of the corporation and signed by the president or secretary, showing: (1) The title and object of the corporation; (2) location of its office or offices; (3) and the name or names of its agent or agents therein; and a certificate of the Secretary of the Commonwealth under its seal, of the filing of such statement, shall be kept for public inspection by each of said agents. L. 1874, Act 33.

Every such corporation must further, before commencing business in the State, make a report under oath to the Auditor General, stating: (1) State or country in which incorporated or created. (2) Date of incorporation or creation. (3) Location of chief office in the State. (4) Name and address of president and treasurer. (5) Amount of bonded indebtedness. (6) Amount of authorized capital stock. (7) Amount of capital paid in. (8) Amount of capital employed wholly in the State of Pennsylvania. A similar report must be filed annually thereafter before November 30th of each year. L. 1901, Act 121. Filing fee, \$10.75. Rules of Secretary of Commonwealth.

Fees are one-third of one per cent. on amount of capital actually employed in the State, and a like fee on any subsequent increase. L. 1901, Act 121.

Foreign corporations generally have no power to hold real estate in Pennsylvania, but special provisions are made for certain classes permitting such holding. L. 1893, Acts 296, 338.

A business corporation organized in another state but having three or more stockholders citizens of the State, may become a domestic corporation by filing and recording a certificate containing the same facts as required on regular incorporation, but in addition also: (8) The legislation under which it was originally created, and (9) its financial condition at date of certificate, showing capital stock paid in, funded debt, floating debt, estimated value of property and cash assets, if any. This certificate is executed by three of the directors (before a Pennsylvania officer), approved, filed and recorded in same manner as on regular incorporation, but it must be accompanied by a certificate under the corporate seal showing consent of a majority in interest of the corporation to such acts and to renunciation of the original charter and of all privileges not enjoyed by Pennsylvania corporations of its class. Publication of notice by application is not required, and this law may therefore be availed of, by *bona fide* compliance, where time is to be gained and another convenient state offers better facilities for speedy incorporation. L. 1881, Act 98. Bonus must be paid, but no statement of payment of ten per cent. of capital stock is required. Sherman Mfg. Co., 12 Pa. C. C. R. 165; 5 Pa. C. C. R. 231.

Penalties for Non-Compliance. Imprisonment not exceeding thirty days and fine not exceeding \$1,000 is prescribed for any person, agent or employee doing business in the State for an unauthorized foreign corporation. L. 1874, Act 33.

Taxation. Same as of domestic corporations, except foreign insurance companies. L. 1901, Act 60.

Books. No special provisions.

Reports. They are to file annually not later than November 30th, the same report with the Auditor General as required before commencing business. L. 1901, Act 121. (See § 13, "Reports.")

Attachments Against. Attachment lies against. *Lett v. Thurber W. Co.*, 15 Penn. C. C. R. 666.

15. Combinations and Monopolies.

No direct provisions. The tendency of the law, as shown by its provisions in regard to consolidation and the control of stocks, bonds and franchises of other corporations, is to open the door for combinations. The courts have, however, held that combinations in restraint of trade and to control prices are illegal. *Nester v. Continental Brewing Co.*, 161 Pa. St. 473; *Morris Run Coal Co. v. Barclay Coal Co.*, 68 Pa. St. 173. Combinations of telegraph, railroad or canal companies running parallel or competing lines, and discrimination in rates are prohibited. *Id.*; Const., Art. XVI, § 12; Art. XVII, §§ 4, 7, 8.

PHILIPPINE ISLANDS.

By U. S. Stat. at Large (1902), Vol. 32, Ch. 1369, § 1, the general provision that the Constitution and Laws of the United States extend to its Territories (Compiled Laws, 1878), is expressly set aside as regards the Philippine Islands.

No complete system of corporation laws has yet been provided for the Islands. Certain general powers as to the grant of franchises, privileges and concessions have been vested in the provisional government of the Islands and 32 U. S. Stat. at Large, Ch. 1369, § 75, also impose some few restrictions on corporate holdings of real estate.

Beyond this the Philippine Commission has had a code of corporation law in course of preparation for over a year past. The published draft of this proposed code shows a very complete system of corporation law, similar in most of its details to the laws of the advanced corporation states of this country. This proposed law has, however, roused active opposition on account of the stringency of some of its provisions, particularly those relating to foreign corporations doing business in the Philippines, and this opposition has involved much delay, and renders the date of the adoption of a code and its final form a matter of much uncertainty.

In the absence of other laws the Commercial Code of 1885 still obtains in the Philippine Islands and governs corporate formation and operations as far as it applies. Under the Commercial Code a corporation may be formed by the preparation of a certificate containing: The names of the incorporators; the name of the company, which must indicate the object or objects of the enterprise and not be identical with that of any existing corporation; the managers of the corporate business and the manner of filling vacancies; the capital stock and the number of shares; provision for payment of instalments of capital; duration of company; nature of its business, and general provisions for the regulation of the corporate affairs. This certificate must be registered in the Commercial Register at Manila.

A foreign corporation doing business in the Philippines must enter in the Commercial Register at Manila a copy of its charter, evidence of the due incorporation of the company, and such other documents, statements and certifications as are required under the Spanish laws.

PHILIPPINE ISLANDS.

Enactments of 1906.

I. Corporation Laws.

"The Corporation Law" of the Philippine Islands is contained in an Act of the Philippine Commission, numbered 1459. This Act is in two chapters, Chapter I containing general provisions as to corporations and Chapter II containing special provisions relating to railroads, savings and mortgage banks, banking, trust, insurance, building and loan and religious corporations, and colleges and institutions of learning.

Under the general provisions of Chapter I, corporations may be formed for any lawful purpose (§ 6), except to deal in real estate. § 13, subdiv. 5.

2. Taxes and Fees.

Organization Expenses. To Chief of the Division of Archives for filing articles of corporation, 25 pesos.* § 8.

Franchise Tax. None imposed.

Local Taxation. As for individuals.

General. To Chief of the Division of Archives: For filing duplicate certificate of change of capital stock, or creation or increase of bonded indebtedness, 20 pesos. § 17. For filing by-laws or amendments or additions thereto, 2 pesos. §§ 20, 23.

3. Incorporation.

Incorporators. Must be not less than five nor more than fifteen. A majority must be residents of the Philippine Islands. § 6.

Articles of Incorporation. Must be executed and acknowledged before a notary public (§ 6), and must set forth (Id.):

- (1) Name of corporation.
- (2) The purpose for which the corporation is formed.
- (3) Location of principal office which must be within the Philippine Islands.
- (4) Duration, not exceeding fifty years except as hereinafter provided.
- (5) Names and residences of incorporators.
- (6) Number of directors, not less than five nor more than eleven, who shall act until their successors are elected and qualified as provided in by-laws.
- (7) Amount of capital stock in Philippine currency, and number of shares.

* A peso is equal to fifty cents American currency.

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(8) Amount actually subscribed, names and residences of subscribers and the amount subscribed by each. Amount subscribed must be not less than twenty per cent. of total capital stock, and not less than twenty-five per cent. of the subscriptions must be paid in. § 9.

(9) Sum paid in by each subscriber.

(10) Name of treasurer elected by the subscribers to act as such until his successor is elected and qualified. The charter must also state that the treasurer named has been authorized to receive the subscriptions of the subscribers and receipt therefor in the corporate name. § 7.

Additional details are required of railroad, tramway, wagon road, telegraph and telephone companies. § 6.

Form for articles of incorporation is prescribed in the Act. § 7. This form must be followed in its substantial details.

Filing and Recording. The articles of incorporation, accompanied by a sworn statement of the treasurer elected by the subscribers, that at least twenty per cent. of the entire capital has been subscribed and at least twenty-five per cent. of these subscriptions has been paid to him for the benefit of the corporation (§ 9), is filed in the Division of Archives. § 6. The Chief of the Division of Archives then issues to the incorporators under the seal of his office a certificate that the articles of incorporation have been duly filed. § 11.

4. Organization.

First Meetings. Of stockholders must be held in the place where the principal office is located, and, if practicable, in the principal office (§ 24), within one month after the filing of articles, for the adoption of by-laws (§ 20) and election of directors or the determination of a subsequent meeting therefor. § 29.

Immediately after their own election the directors must organize by the election of a president from their number, and a secretary or clerk who shall be a resident of the Islands, and a citizen of the United States or of the Philippines. § 33.

By-Laws. By-laws may fix or change the number of officers and directors within the limits prescribed by law. § 13, subdiv. 7. By-laws must be adopted by a majority vote of stockholders, be signed by the stockholders voting therefor and be kept in the principal office open to inspection of stockholders. A copy, certified by a majority of the directors and countersigned by the secretary, must be filed with the Chief of the Division of Archives and is by him attached to the original articles of incorporation. § 20. Power to make, repeal or amend by-laws may be delegated to the directors by two-thirds' vote of the subscribed capital stock. § 22. The by-laws may provide for the time, manner and place of calling and conducting meetings of directors and the time and manner of conducting stockholders' meetings, and the quorum thereat for business other than the election of directors; the mode of securing and voting proxies; the qualifications, duties and compensation of directors, officers and employees; the time of annual election and notice thereof; the manner of election and term of office of all officers other than directors and those elected by the directors; penalties for violations of by-laws, not exceeding 200 pesos; the manner of issuing stock certificates, and such other matters not pro-

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vided for by the Act as may be necessary for the proper or convenient transaction of the corporate business. § 21.

Amendments or new by-laws must be attached to the original by-laws in the office of the corporation and a certified copy be filed with the Chief of the Division of Archives, etc. Filing fee, 2 pesos. § 23.

Certificates. None required to show completed organization.

5. Corporate Existence.

When Commenced. On issuance of certificate of filing by Chief of Division of Archives, etc. Continues fifty years. § 11. Copy of the articles of incorporation, duly certified by Chief of Division of Archives, etc., is *prima facie* evidence of the facts therein stated. § 10. Continues for three years after expiration or dissolution for purpose of closing corporate affairs. § 77. Cannot be inquired into collaterally. § 19.

Beginning Business. May be commenced as soon as certificate of filing is issued. Must be begun within two years. § 19.

Renewal. May not be effected by amendment. § 18.

Forfeiture of Charter. Occurs for non-user after failure to organize and commence business for two years from date of organization. § 19. May occur if slave labor is employed. § 15.

Dissolution. A corporation may be dissolved at any time by the Court of First Instance for the province wherein the principal office is situated upon the voluntary application of the holders of two-thirds of the outstanding stock. § 62. The application must be in writing and shall set forth the liabilities of the corporation and state that at a meeting the dissolution had been voted by the holders of two-thirds of the stock. § 63. The application must be signed by a majority of the directors and must be verified by the president, or secretary or clerk or some director. § 64. Notice must be given by publication or posting from thirty to sixty days and a date must be set prior to which any person may file objections. § 65. The court may try issues as objections are made, and if the statements made are shown to be true the court may appoint receivers and declare the corporation dissolved. § 66.

Every corporation whose existence is terminated shall continue as a body corporate for three years to wind up its affairs.

6. Corporate Powers.

General. Usual powers are conferred. § 13. The corporate powers are expressly limited to those conferred by the Act and such as are necessary to the exercise of these powers. § 14. No corporation shall be authorized to deal in real estate. § 13, subdiv. 5. Corporations may not employ slave labor under penalty of 20,000 pesos and forfeiture of rights and charter. § 15.

To Hold Property. Extends to such property as is permitted by the corporate purposes or is reasonably necessary for the transaction of its lawful business. § 13, subdiv. 5. Agricultural corporations shall not hold more than 1024 hectares of land. *Id.* Real estate taken in payment of debts, if not necessary to the corporate purposes or business, must be disposed of within five years from acquisition. *Id.*

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Its Own Stock. May bid in its stock sold for unpaid assessments, if amount due cannot be secured. § 44. Such stock is disposed of by a majority vote of the stockholders. § 45.

Stock of Other Corporations. No provision except that a corporation may hold any property permitted by its purposes or necessary to the transaction of its lawful business. § 13, subdiv. 5.

To Borrow Money. The incurring, creating or increasing of bonded indebtedness must be authorized by a majority vote of the subscribed capital stock, at a stockholders' meeting regularly called for the purpose. § 17. Procedure same as for increase or reduction of capital stock. (See "Capital Stock.")

To Do Business in Other States. No provisions.

Consolidation or Merger. No direct provisions but no stockholder of a corporation engaged in agriculture or mining, and no corporation save irrigation corporations shall be anyway interested in any other agricultural or mining corporation. § 13, subdiv. 5.

Amendment of Charter. May be effected by a majority vote of the directors and the vote or written assent of two-thirds in interest of the subscribed stock. Copy of the amended articles, duly certified by the president and secretary of the corporation, and a majority of the directors, must be filed in the office of the Chief of the Division of Archives, etc., and be attached to the original articles. § 18. Existence may not be prolonged by amendment. Id.

7. Capital Stock.

Amount. No limitations.

Initial Payment. At least twenty per cent. of the entire capital stock must be subscribed and twenty-five per cent. of this subscription must be paid in before charter is filed. § 9.

Consideration for Issue. Must be cash or property actually received at a fair valuation equal to the par value of the stock or bonds issued therefor. § 16. Subscribers must pay six per cent. per annum on unpaid subscriptions unless otherwise provided in the by-laws § 36. No full paid certificate shall be issued until the full par value has been received by the corporation. § 36.

Assessments for unpaid subscriptions may be made at discretion of directors and stock may be sold for default. §§ 37-50. No stock declared delinquent by the directors shall be voted at any election for directors. §§ 31, 50. Shares of stock may be sold for the payment of debts due the corporation from the owners. § 13, subdiv. 8.

Increase or Decrease. May be effected by two-thirds vote of the subscribed capital stock cast at a stockholders' meeting called for the purpose. Procedure prescribed. § 17. No change of capital stock may be made affecting the rights or actions which have accrued to others. § 18.

Classes of Stock. Par Value of Shares. No provisions.

Stock Certificates. Must be signed by president or vice-president, countersigned by secretary or clerk, and sealed. § 35.

Transfer of Stock. May be transferred by endorsed certificate, but no such transfer is good except as between the parties until entered

on the corporate records so as to show the names of the parties, the date, the number of the certificate and the number of shares transferred. No unpaid shares are transferable on the books of the corporation. § 35.

8. Stockholders.

Rights and Powers. Stockholders of agricultural or mining corporations may not be in anywise interested in another similar corporation. § 13, subdiv. 5. They may remove directors by prescribed procedure and fill the vacancy so created. § 34. They adopt by-laws. § 20.

Liability. Stockholders are liable for unpaid subscriptions and interest thereon and costs of collection. § 49.

Meetings. Must be held at the place where the principal office is located and in the principal office, if practicable. § 24.

Notice and Quorum. To be fixed by by-laws (§ 21) except for election of directors at which a majority of the subscribed capital stock entitled to vote must be present. § 31. Any meeting is valid at which all are present. § 25.

Voting. No stock delinquent for unpaid subscriptions shall vote or be represented at any corporate meeting. §§ 31, 50. At elections of directors a majority of the subscribed stock entitled to vote must be present, each share has one vote, voting is by ballot, cumulative voting must be allowed, and votes may be cast in person or by proxy. § 31. Trustees may vote in their representative capacity. § 27. If by-laws make no other provision, annual meeting must be held on the first Tuesday after the first Monday in January, and two weeks' notice thereof must be given by publication, also written notice must be mailed to each stockholder. If there be no newspaper published where principal office is located, notice is to be posted in three public places in the neighborhood. § 29.

9. Directors.

Number. Not less than five nor more than eleven. § 28. May be changed within these limits by majority vote of the stockholders, but a duly certified certificate of any such change must be filed forthwith in the Division of Archives. § 6, subdiv. 6. May be removed by two-thirds vote after prescribed procedure. § 34.

Qualifications. Must own at least one share of stock. §§ 28, 30. A director ceasing to be a stockholder thereby ceases to be a director. § 30. Two must be residents of the Philippine Islands. § 30.

Powers. Exercise all the corporate powers and control the property and business of the corporation. § 28.

Liability. No specific liability imposed but they have entire charge of the corporate property and business (§ 28) and would therefore be liable for any improper distribution of the corporate stock, bonds or property which is forbidden. § 16. Directors may be removed by a vote of two-thirds of the voting stock. § 34.

Meetings. Must meet immediately after their election and elect president and other officers. § 33. (See "Officers.") A majority is a quorum. § 32. May be held at the place fixed in the by-laws. § 24.

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Executive Committee. No provisions.

10. Officers.

A president, who must be a director, and a secretary or clerk, who must be a resident of the Philippine Islands, and a citizen either of the Islands or of the United States, and such other officers as are required by the by-laws, must be elected by the directors immediately after their own election. § 33. Duties are to be prescribed by by-laws. §§ 21, 33.

11. Principal Office.

Must be maintained in Philippine Islands. § 6, subdiv. 3.

12. Corporate Books.

What Required. All business corporations shall keep a record of all business transactions and minutes of all meetings in which shall be set forth in detail the time and place of meetings, how authorized, notice given, if special its object, those present and absent and every act thereof. On demand the time of entry or of leaving the meeting by any director or stockholder must be entered, or the yeas and nays on any question must be taken and recorded, and the protest of any stockholder or director must be entered in full on demand. § 51.

Also a "stock and transfer book" must be kept, containing a record of all stock, the names of stockholders alphabetically arranged, the instalments paid and unpaid on all subscribed stock and dates of payment, every alienation sale or transfer of stock made, the date thereof and parties thereto, and such other entries as the by-laws may provide. § 52.

Where Kept. Not provided.

Examination of. The prescribed books and records and the record of all business transactions shall be open to the inspection of any stockholder or director at reasonable hours and for a proper purpose. §§ 51, 52.

13. Reports.

None prescribed. Governor General may at any time order an investigation of the business affairs, administration and condition of any corporation doing business in the Philippines, and may have stockholders, directors and officers examined under oath and may have books and records produced. §§ 54, 55.

14. Foreign Corporations.

How Authorized to Do Business. Foreign corporations must obtain a license to transact business in the Philippines from the Chief of the Division of Archives, etc., upon order of the Secretary of Commerce and Police. No such order for license shall be issued by the Secretary except upon the statement under oath of the managing agent of the corporation, showing to the satisfaction of the Secretary that the corporation is solvent and in sound financial condition, and setting forth the resources and liabilities of the corporation within a

PHILIPPINE ISLANDS.

number of days to be fixed by the Secretary of Finance and Justice, or the Secretary of Commerce, as the case may be, prior to the date of presenting the statement, as follows: (1) Name of the corporation; (2) purposes for which it was organized; (3) location of principal or home office; (4) capital stock, and amount actually subscribed and paid into the treasury, giving date, month and year; (5) net assets of the corporation over and above all obligations outstanding, giving date, month and year; (6) name of resident agent authorized by the corporation to accept service of summons and legal process. § 68.

The Secretary of Commerce and Police may in his discretion require further evidence of solvency and fair dealing. § 68.

Upon the filing in the Division of Archives, etc., of said statement with certified copy of its charter and the order of the Secretary for the issuance of the license, the Chief of the said Division of Archives shall issue a license to do business in the Philippine Islands, and shall collect therefor a fee of 50 pesos. § 68.

The Secretary of Commerce and Police may issue license without the required statement to any foreign corporation which has been transacting business in the Philippines for more than three years prior to the passage of this Act. § 68.

Penalties for Non-Compliance. Not permitted to sue for any debts, claims or demands whatsoever. Any officer, agent or director of the corporation, or any person transacting business for any foreign corporation not having the prescribed license, shall be punished by imprisonment for not less than six months nor more than two years, or by a fine not less than 200 pesos nor more than 1,000 pesos, or by both such imprisonment and fine in the discretion of the court. § 69.

Ten months allowed from passage of act for foreign corporations to take out license. § 70. (Date of passage, April 1, 1906.)

The Secretary of Commerce and Police with the approval of the Governor General may revoke license of any foreign corporation in case of insolvency or probable loss to those doing business with it.

Any foreign corporation lawfully doing business in the Philippines shall be bound by all the general corporation law, except as it provides for the creation, formation, organization or dissolution of corporations, or fixes the relations, liabilities, responsibilities or duties of stockholders or officers to each other or to the corporation.

Books. Foreign corporations must keep same books as domestic corporations. § 73. (See "Corporate Books.")

Reports. (See § 13.)

PORTO RICO.

Enactments of 1906.

6. Corporate Powers.

General. An injunction to suspend the general and ordinary business of a corporation shall not be granted without due notice of the application given to the proper officers or managing agent, except when the People of Porto Rico are a party to such proceeding. L. 1906, An Act to Define Injunction, etc., § 9, p. 88.

PORTO RICO.

1. Corporation Laws.*

Organic Act. Contains no special provisions for corporations.

Statutes. The corporation law of Porto Rico is contained in Revised Statutes and Codes, 1902, Title II of the Civil Code. Under the general law corporations may be formed for any lawful purpose or purposes, except of a savings bank, building and loan association, insurance company or of a railroad, telegraph, telephone, canal, turnpike or other company, requiring the exercise of the right of eminent domain. § 35. Banking powers are expressly prohibited. § 33.

2. Taxes and Fees.

Organization Expenses. To Secretary of Porto Rico: On filing articles of incorporation, 15 cents on each \$1,000; minimum fee, \$25; maximum, \$500. § 63; Pol. Code, § 59. For issuing certificate of corporate existence, \$3. For recording articles, 20 cents per folio. For copies, same fee. For affixing certificate and seal of the Island, \$1. Id.

Franchise Tax. General business corporations pay no annual franchise tax.

Local Taxation. Real property of all corporations is taxed at one-half of one per cent. of its value, and personal property at one per cent. for insular revenue. The personal property is exempt from local taxation. Pol. Code, § 285. Shares of stock are not taxed when the property of the company is either exempt or taxed to the corporation itself as above. Id., § 291.

General. Fees to Secretary of Porto Rico: On increase of capital stock, 15 cents on each \$1,000 of increase; minimum, \$25; maximum, \$500. § 63. On filing any amendment of articles of incorporation, fees are the same as on filing the original articles. § 44. For filing notice of removal of place of business; certificate of increase or decrease of capital stock; for issuing certificate of such increase or decrease, or filing and recording appointment of agent, \$5. \$3 for filing and \$3 for issuing certificate of continuance of corporate existence. Pol. Code, § 59.

* Sections given, when not otherwise noted, are of Civil Code.

3. Incorporation.

Incorporators. Must be three or more persons of full legal capacity. § 35. No residential requirements.

Articles of Incorporation. Must be subscribed and acknowledged by each of the incorporators and must set forth (§ 36):

(1) Name of the corporation. Similarity of names forbidden.

(2) Location, including town or city, street and number, if any, of its principal office in the Island of Porto Rico.

(3) Period, if any, limited for its duration.

(4) Object or objects for which it is formed.

(5) Amount of total authorized capital stock, which must not be less than \$2,000, number of shares into which it is divided, par value of each share, and amount of paid in capital, not less than \$1,000, with which it shall commence business.

(6) Names and post-office addresses of the incorporators, with number of shares subscribed for and amount of subscription paid in by each.

(7) Any other provision desired consistent with the Code.

Filing and Recording. The articles of incorporation are filed and recorded in the office of the Secretary of Porto Rico, who thereupon issues a certificate thereof. § 37. Before beginning business an authenticated copy of the articles must also be filed with the Treasurer of Porto Rico, together with a statement, verified by the oath of the president and attested by a majority of the directors, stating the name of the corporation, its domicile, and the kind of business engaged in, branches established and the commercial registry in which the articles have been recorded. Pol. Code, § 353.

4. Organization.

First Meetings. Within sixty days after filing of articles of incorporation, the first meeting of the incorporators must be called by notice subscribed by a majority of the incorporators, served either personally or by two weeks' publication in a newspaper in Porto Rico, and registered mail. But notice may be waived in writing. § 38. At least three directors are chosen at the first meeting of the incorporators, to hold office not less than one year from the date of such meeting. § 38.

By-Laws. Are adopted by the incorporators at their first meeting, unless the power is conferred on the directors in the articles of incorporation. In any case they remain subject to amendment or repeal by the stockholders. § 39.

Certificates. At least \$1,000 is required to be paid in on the capital before commencing business. § 36. Payment of this and sub-

sequent instalments must be certified to the Secretary of Porto Rico within ten days after payment is made. § 43.

5. Corporate Existence.

When Commenced. Corporate existence commences on filing of the articles of incorporation in office of Secretary of Porto Rico, payment of fees, and issuance of his certificate of filing. § 37. The duration is not limited by law. §§ 32, 36. Continues for the purpose of closing affairs after expiration or annulment of charter. § 54.

Beginning Business. May not be commenced until a copy of the articles has been filed with Treasurer of Porto Rico (Pol. Code, § 353), and until the amount of capital with which the corporation is to begin business has been paid in. § 36.

Renewal. May be effected by regular amendment of articles of incorporation. § 44.

Forfeiture of Charter. Corporations may be dissolved by Legislative Assembly of Porto Rico at its pleasure. § 34. Forfeiture of charter may be declared by District Court on failure of corporation to bring books within the Island of Porto Rico when ordered by the court. § 41.

Dissolution. A corporation may be dissolved by a two-thirds vote of the stockholders, signified by written consent, or without meeting by unanimous consent in writing of all the stockholders, filed in the office of the Secretary of Porto Rico who issues a certificate of dissolution. This must be published four weeks in Porto Rico newspaper. § 53. On final liquidation, a copy of the decree is filed in the office of the Secretary of Porto Rico. § 60.

6. Corporate Powers.

General. The usual general powers are enumerated. § 32. Banking powers prohibited. § 33.

To Hold Property. This power is limited to amount necessary to accomplish the purposes stated in the articles of incorporation. § 32. Agricultural corporations may not hold more than five hundred acres of land. Joint Resolution of United States Congress, May 1, 1900. Real estate acquired as security for debts must be sold within five years. *Id.*

Its Own Stock. Shares of stock of a corporation belonging to the corporation may not be voted. § 49.

Stock of Other Corporations. This is prohibited as to agricultural corporations, even as to the members (Joint Resolution, United States Congress, May 1, 1900), but is permitted to other corporations to a certain extent. § 45. (See under § 7, "Consideration for Issue.")

To Borrow Money. The power to mortgage property and franchises is conferred in general terms. § 32. But corporate indebted-

ness must never exceed the paid up value of the capital stock or the value of its property or assets. § 62.

To Do Business in Other States. Permitted broadly if provided for in articles of incorporation.

Consolidation or Merger. Is not provided for.

Amendment of Charter. May be accomplished by a two-thirds vote of the total number of shares issued, such vote to be signified in writing, in person or by proxy, and to be certified to the Secretary of Porto Rico by oath and acknowledgment of the president and secretary, and under the corporate seal. § 44.

7. Capital Stock.

Amount. Must not be less than \$2,000. § 36.

Initial Payment. Must not be less than \$1,000, and is to be specified in articles of incorporation. § 36.

Consideration for Issue. Shall be nothing but money, except that any corporation may purchase property necessary for its business, and stock of any corporation owning such property, and issue stock therefor to the amount of its value. Shares so issued shall be full paid stock, and in the absence of actual fraud the judgment of the directors as to the value of the property is conclusive. Stock so issued to be reported according to the facts and not as issued for cash. §§ 43, 45.

Increase or Decrease. Is accomplished by regular amendment. § 44.

Classes of Stock. Are not expressly provided for.

Par Value of Shares. Is not prescribed but is to be stated in articles of incorporation. § 36.

Stock Certificates. Every stockholder shall have a certificate signed by the president and treasurer, certifying the number of shares owned by him. § 42.

Transfer of Stock. Is made on the books of the company as the by-laws may provide. § 42.

8. Stockholders.

Rights and Powers. Stockholders control amendments and dissolution by a two-thirds vote. §§ 44, 53. Three may call meetings in an emergency on 30 days' notice. § 42 a. They may demand dividends from surplus profits in January unless otherwise determined by them. § 46.

Liability. They are liable only to the extent of unpaid balance on their stock. §§ 42 b, 45.

Meetings. "In all cases where it is not otherwise provided by law, the meetings of stockholders of every corporation ** must be held at its principal office in the Island of Porto Rico." § 42 a. Elections of directors must always be held there. § 50.

Notice. The articles of incorporation or by-laws shall determine time and manner of calling and conducting meetings. § 42. Emergency meetings may be called by three stockholders on 30 days' notice. § 42 a.

Quorum. Is constituted by a majority of the outstanding shares. §§ 42, 48.

Voting. May be by proxy. §§ 42, 48. Each stockholder is entitled to one vote for each share of stock owned by him. § 42. All elections must be by ballot unless otherwise provided in articles of incorporation. § 48. Cumulative voting for directors may be provided for in articles of incorporation. § 49. No share of stock to be voted which has been transferred on the books of the company within twenty days before the election. § 49.

9. Directors.

Number. The directors shall not be less than three in number. § 38. They may be classified, none to hold office less than one year, or more than five years. At least one-fifth must be elected each year. § 40.

Qualifications. Directors must be shareholders. § 40. At least one must be a resident of Porto Rico. § 38.

Powers. The adoption of by-laws may be delegated to them. § 39. Unless otherwise provided in the by-laws, they fill vacancies on the board, and among officers. § 40. They are trustees on dissolution (§§ 55, 56), unless other persons are appointed by the District Court. § 57.

Liability. Directors are liable for making any dividend except from surplus profits, or dividing and paying capital stock in any manner except as provided by law. § 46. They are also liable for any excess of debts over the paid up capital stock or the value of the corporation's assets. § 62. They may be punished for contempt for not obeying order of District Court to bring books of corporation into the Island. § 41. The Penal Code (Ch. XI) contains similar and additional provisions against frauds, etc.

Meetings. Directors' meetings may be held outside of the Island of Porto Rico, if so provided in the articles of incorporation or by-laws. § 41.

Executive Committee. No specific provision, but may undoubtedly be provided for in by-laws. §§ 32, 40.

10. Officers.

General. Either the directors or the stockholders, as the by-laws prescribe, may choose a president from among the directors,

and a secretary and treasurer, each of whom must be shareholders. The secretary must be sworn, and is to keep a record of all votes and resolutions of directors and stockholders. The treasurer must give a bond. Vacancies are filled by directors unless by-laws provide otherwise. § 40.

Liability. The president and secretary or treasurer are liable for neglect or refusal to file certificates of payment of capital stock for thirty days after written request so to do by any creditor or stockholder. § 43. For any false certificate or public notice all signers thereof become jointly and severally liable. § 61. For refusal to allow inspection of books or list of stockholders for elections, the officer or officers having charge of such books or list, forfeits \$200, of which \$100 goes to the People of Porto Rico and \$100 and costs to the person suing. § 47.

11. Principal Office.

Must always be maintained in Porto Rico with an agent in charge. § 41. Location in Island may be changed by regular amendment. § 44.

12. Corporate Books.

What Required. The secretary is required to keep a record of all votes and resolutions of the directors and stockholders. § 40. Stock book must contain names and addresses of stockholders and the number of shares owned by each. Transfer book must be kept. § 47.

Where Kept. All books, except the stock and transfer books, which must be kept at principal office on the Island, may be kept outside Porto Rico if so provided in the by-laws or articles of incorporation. But the District Court may order all books to be brought into Porto Rico, on penalty of forfeiture of charter. § 41.

Examination of. Stock and transfer books are to be open to inspection of stockholders during business hours. § 47. For each election an alphabetical list of all the stockholders entitled to vote, showing name and residence and number of shares of each, must be kept open for examination at least ten days before the election. § 47. The corporate books shall be the only evidence as to who are stockholders and entitled to vote, or to examine the same. § 47.

13. Reports.

Every corporation shall annually within the month of July file a report authenticated by the signatures of the president and one other officer, or by any two directors, stating: (1) Name of the corporation. (2) Location, town or city, street and number, if any, of its principal office in Porto Rico, and if a foreign corporation, the name of the agent on whom process may be served. (3) Object or objects of its business. (4) Amount of authorized capital stock;

amount actually issued and outstanding; amount actually paid in; a statement of existing liabilities. (5) Names and post-office addresses of all directors and officers and the time when term of office of each expires. (6) Date appointed for next annual meeting for election of directors. (7) Whether a transfer book and stock book as prescribed (specifying terms) have been kept at the principal office in Porto Rico open to inspection as required by law. § 52. Penalty for failure to file such report is fine of \$200. § 52. Additional reports may be called for by Treasurer of Porto Rico (Pol. Code, § 319); also by assessor of district. Id., § 316.

Within ten days of the payment of any instalment of capital stock, a certificate stating the amount paid, whether in cash or property, and also total amount previously paid and reported, must be sworn to by the president and secretary, or treasurer, and be filed with the Secretary of Porto Rico. § 43.

Publication is required for the usual notices. Publication as prescribed for dissolution and for sale of delinquent stock can not be avoided.

14. Foreign Corporations.

How Authorized to Do Business. Every foreign corporation before doing business within the Island, must file in the office of the Secretary of Porto Rico a duly authenticated copy of its charter or articles of incorporation (§ 65), and also a statement verified by the oath of its president and secretary and attested by a majority of its board of directors, showing: (1) Name of the corporation and location of its principal office or place of business without the Island, and if it is to have any place of business or principal office within the Island, the location thereof. (2) Amount of its capital stock. (3) Amount of capital stock actually paid in in money. (4) Amount of capital stock paid in in any other way and in what. (5) Amount of assets and of what they consist, with their actual cash value. (6) Liabilities of the corporation and if any of them are secured, how secured, and upon what property. § 65.

Also a certificate by the president, or acting head, and the secretary, under the corporate seal, consenting to be sued, and that service of process may be made on a named person, resident of the Island, whose place of residence must be at the principal place of business of the corporation and must be designated in the certificate. § 66. Also a written consent of the person so designated to act as such agent. § 67. Fee for filing appointment of agent, \$5. Pol. Code, § 59. A license fee of \$25 is also paid to the Treasurer of Porto Rico, on obtaining license from him, and annually thereafter on or before July 1st of each year, to renew such license. Pol. Code, § 353.

Penalties for Non-Compliance. Fine of \$10 for each day such corporation continues to do business in the Island without filing such papers. § 68. They are liable to the same penal provisions applicable to domestic corporations. Penal Code, § 498.

Taxation. Is the same as of domestic corporations (Pol. Code, §§ 285, 320), but only such part of the capital is considered as is employed in the transaction of business in Porto Rico, and the amount

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of such capital is in no case to be less than the value of the real and personal property owned in Porto Rico, including franchises and concessions. § 320.

Books. Must keep stock and transfer books at principal office on the Island. § 52.

Reports. Within twenty days from July 1st of each year, every foreign corporation must make and file in the office of the Secretary of Porto Rico a report similar in form and contents to the annual report required of domestic corporations. §§ 52, 69. Same tax returns may be required as of domestic corporations. Pol. Code, §§ 316-320.

15. Combinations and Monopolies.

While there are no statutes directly aimed at trusts and monopolies, there is a tendency to restrictive legislation, as shown by the prohibitions against any combination of agricultural corporations. R. S. XXXIV; Joint Resolution, May 1, 1900.

RHODE ISLAND.

Enactments of 1906.

3. Incorporation.

Articles of Agreement. Under the Statutes (Revised Statutes 1896, Ch. 176, § 9) provision may be made in the articles of agreement that the corporation shall have a lien on stock of the company in the hands of a stockholder for assessments, or for indebtedness of the stockholder to the company, such lien to be enforceable in such manner as the by-laws may provide; also that on sale of stock for default in payment of any such indebtedness to corporation, the corporation shall have prior right to purchase such stock and may prescribe the time within which this right shall be exercised. The amendments of 1906 provide that if such provisions for lien on stock and prior right of purchase have not been incorporated in the original articles of agreement, they may be included therein by amendment of said articles. L. 1906, Ch. 1326, p. 42.

6. Corporate Powers.

To Hold Property.

Its Own Stock. In case provisions have been omitted from the original articles of agreement giving corporation power to purchase its own stock on sale for default in debt of stockholder to corporation, such provisions may be incorporated in the articles of agreement by amendment. L. 1906, Ch. 1326, p. 42.

Amendment of Charter. Articles of agreement may be amended to give corporation lien on its stock in the hands of any defaulting debtor and prior right to purchase such stock on sale of same for such defaulted indebtedness. L. 1906, Ch. 1326, p. 42.

RHODE ISLAND.

1. Corporation Laws.*

Constitution. (1899.) Corporations, except those with power of eminent domain, may be created under general laws. Art. IV, § 15.

Statutes. The corporation law of Rhode Island is found in Title XIX of Revised Statutes, 1896, of which Chapters 176 and 177 contain general provisions, Chapter 180 treats specially of manufacturing companies, and the remaining chapters of banks, insurance, surety, railroad, and building and loan corporations. Incorporation under the general law is limited to "ordinary business corporations" (Ch. 176, § 2) and literary, religious, social corporations, and the like. *Id.*, § 11.

2. Taxes and Fees.

Organization Expenses. To State Treasurer: One-tenth of one per cent. on the amount of capitalization with a minimum fee of \$100. Ch. 29, § 16; Ch. 176, § 3. To Secretary of State for issuing certificate, §1. Ch. 176, § 4.

Franchise Tax. None imposed.

Local Taxation. Any town or city may offer exemption from taxation for ten years to induce manufacturing corporations to establish in its limits. Ch. 44, §§ 4, 5. Stock is not taxed in hands of the stockholders if the corporation is taxed on real and personal property equal in amount to the market value of its stock. If the corporation is taxed for a less amount, the shareholders are taxed proportionately for the difference between the market value of their stock and the amount for which the corporation was last taxed. Ch. 45, § 9, as amended by L. 1905, p. 80. (See § 13, "Reports.")

General. On increase of stock, one-tenth of one per cent. on the amount of increase. Ch. 29, § 16; Ch. 176, § 7. To tax assessors for appraisal of manufacturing property taken in payment of stock, \$10 and expenses. Ch. 180, § 9.

3. Incorporation.

Incorporators. May be any three or more persons of lawful age. Ch. 176, § 2. No requirements as to residence.

* References are to Revised Statutes, 1896, unless otherwise noted.

Articles of Agreement. Must be signed and acknowledged by each of the incorporators, with the residence of each set opposite his signature (Ch. 176, § 3), and must contain (Ch. 176, § 2):

(1) Agreement to constitute an ordinary business corporation.

(2) Name, which must not be one which can be mistaken for a partnership; nor one then in use by any existing corporation of the State.

(3) Business for which constituted.

(4) Town or city in which located.

(5) Amount of capital stock, whether common or preferred, and how much of each; par value of shares, and if any preferred, the advantages thereof over the common stock. Capital stock and par value of shares may be any desired amount.

Filing and Recording. The articles of agreement, with certificate of State Treasurer that incorporation fee has been paid, are filed with the Secretary of State, who thereupon issues certificate of incorporation, in form prescribed by statute. Ch. 176, §§ 3, 4.

4. Organization.

First Meetings. The statutes do not authorize meetings of the stockholders without the State. The first meeting is called by notice stating the time, place and purpose thereof and signed by one or more of the incorporators, mailed at least five days before the meeting. Such notice may be waived by written consent of all the incorporators. The notice, or waiver, must be filed and recorded in the corporate records. Ch. 176, § 6. At this meeting, as a matter of practice, by-laws are adopted and directors are elected. Officers may be elected by the stockholders or directors as prescribed by the by-laws. A resident clerk, treasurer or agent must be elected forthwith. Ch. 177, § 21; L. 1902, Ch. 975.

By-Laws. May determine the manner of calling and conducting meetings; number of shares to constitute a quorum; voting power of shares; mode of voting by proxy; mode of selling stock for non-payment of assessments, or other indebtedness of shareholders to the corporation; tenure of officers, and suitable penalties for breach of by-laws, not exceeding \$20. Ch. 177, § 3. The other usual details of corporate procedure are also provided for by the by-laws.

Certificates. Within thirty days after organization, a certificate, verified by the treasurer or other authorized officer, must be filed with the Secretary of State, setting forth: The name of the corporation; date of organization; amount of capital stock paid in on organization; town of its location, and name and address of its treasurer. Ch. 177, § 24.

Every corporation must upon election file with the Secretary of State, the name and address of its treasurer, if he be a resident of the

State; and if he is a non-resident, then a copy of power of attorney, duly authenticated, appointing some competent person residing in the State as its attorney to receive service of process. Ch. 176, § 16; L. 1902, Ch. 975. Certificates of payments of capital stock must be recorded with the town clerk in which main factory is established, within ten days after last payment, with certificate of tax assessors as to value of property taken in payment. Ch. 180, §§ 2, 8-10.

5. Corporate Existence.

When Commenced. On issuance of certificate of incorporation by Secretary of State. Ch. 176, § 5. Is perpetual when no other provision is specifically made. Ch. 177, § 1. Continues three years after expiration or annulment, to settle corporate affairs. Ch. 177, § 9.

Beginning Business. May be commenced forthwith. Ch. 177, § 23.

Renewal. There are no statutory provisions for renewal, the law contemplating perpetual existence. Ch. 176, § 7.

Forfeiture of Charter. Charter becomes void on failure to organize within two years from incorporation. Ch. 177, § 23. For failure for one year to maintain resident agent, dissolution may be decreed. L. 1902, Ch. 975.

Dissolution. When a corporation is insolvent, or when through absence of its executive officers from the State and failure of the stockholders to hold meetings or attend to its concerns, extending over an unreasonable time, the estate or concerns of the corporation are being misapplied, wasted or lost, or for any act or omission in contravention of law, the appellate division of the supreme court may decree dissolution and appoint receiver on application of any stockholder or creditor, after reasonable notice. Ch. 177, §§ 27-30.

No provision for voluntary dissolution under the statutes. A majority of the stockholders may surrender the franchises. *Wilson v. Central Bridge*, 9 R. I. 590.

6. Corporate Powers.

General. Usual common law powers are enumerated. Ch. 177, § 1.

To Hold Property. This power is conferred without limitation. Ch. 177, § 1.

Its Own Stock. Articles of agreement may provide that on sale of stock for default in debt of stockholder to corporation, the corporation shall have prior right to purchase such stock, and may limit the time within which the corporation must exercise such right. Ch. 176, § 9.

Stock of Other Corporations. No statutory provision.

To Borrow Money. No provisions except as to manufacturing companies, whose debts must not exceed the amount of capital stock actually paid in. Ch. 180, § 15.

To Do Business in Other States. Is permitted, if a place of business is maintained in the State with a resident agent. Ch. 177, § 21. All records of transfer of stock must be made and kept within the State in charge of a resident recording officer. Id., § 19. But continued absence from the State of executive officers, when also the stockholders fail to hold meetings and attend to the corporate concerns, may be ground for dissolution. Id., § 27.

Consolidation or Merger. No statutory provisions.

Amendment of Charter. May be effected in any particular by a majority vote of the stock. A certificate of the vote attested by the president and secretary must be filed with Secretary of State. Ch. 176, § 7; Ch. 180, § 4, amended by L. 1902; Ch. 1052.

7. Capital Stock.

Amount. Not prescribed. Must be stated in articles of agreement and certificate of incorporation. Ch. 176, §§ 2, 4.

Initial Payment. Not prescribed.

Consideration for Issue. Must be money or its equivalent, except in case of manufacturing plants. A manufacturing plant may be paid for in capital stock at valuation to be appraised by assessors of taxes of the town in which it is situated. Ch. 180, § 8. And the sworn appraisal must be recorded with the officers' certificate of payment of capital stock, in order to relieve holders of stock so issued from liability for corporate debts. Id., § 10. No note or obligation of a stockholder, whether secured or not, shall be considered as payment of any part of the capital stock. Id., § 7.

Increase or Decrease. May be effected by a majority vote of the stock, at a meeting duly called for that purpose, with certificate thereof, duly attested by the president and secretary, stating the vote, the amount, par value and kinds of the additional stock, and the advantages of the preferred stock, if any. Ch. 176, §§ 7, 8; Ch. 180, § 4; L. 1902, Ch. 1052.

Within thirty days after increase, certificate of payment thereof must be filed with Secretary of State. Ch. 177, § 24. (See § 4, "Organization.") Certificate of decrease must be recorded within ten days. Ch. 180, § 4.

Classes of Stock. May be provided for in original or amended articles of agreement. There are no restrictions. Ch. 176, §§ 2, 7.

Par Value of Shares. Not prescribed.

Stock Certificates. Not prescribed as to form, execution or delivery.

Transfer of Stock. Endorsement and delivery of certificate is sufficient transfer as to all parties, except the corporation. Ch. 177, § 20. To determine rights to dividends, transfer must be made on the books of the corporation within the State. Id., §§ 19, 20.

8. Stockholders.

Rights and Powers. By majority vote they control amendments. L. 1902, Ch. 1052. Three or more may call meetings on warrant of justice of the peace. Ch. 177, § 5.

Liability. Stockholders whose stock has not been paid for up to its full par value are liable for the unpaid amount. Ch. 180, §§ 1, 13; L. 1901, Ch. 839. Recovery may be had in equity action, or in action of debt on judgment obtained against corporation (Ch. 180, § 22), and stockholder has right to enforce contribution. Id., § 23.

Meetings. No statutory authority for holding stockholders' meetings outside the State. An annual meeting must be held for the election of officers. Ch. 177, § 7. If no one is legally qualified to call meeting, the stockholders may obtain authority from justice of peace. Id., § 5. Notice, quorum, voting and proxies to be governed by by-laws. Id., § 3. Voting by attorney is authorized. Id. But quorum must be at least a majority. *Lockwood v. Bank*, 9 R. I. 308.

9. Directors.

Number. Qualifications. Powers. No specific provisions.

Liability. For declaring or paying any dividend when the company is insolvent or which renders it insolvent, and for permitting corporate debts to exceed amount of paid capital stock, directors of manufacturing companies are jointly and severally liable for corporate debts then existing or contracted while they remain in office. Dissenting directors exonerate themselves in the first case merely by filing written objection with clerk of corporation; but in the latter they must call a meeting of the stockholders to state their objections. Ch. 180, §§ 6, 15, 16. Same liability exists for loans to stockholders. Id., § 7. For failure to file certificate of payment of capital stock and of reduction of stock within ten days thereafter they are liable for all debts contracted until such filing. Id., §§ 3, 4; *Legg v. Dewing*, 25 R. I. 568 (1903). (See § 10, "Officers.")

Meetings. No specific provisions. The law in various provisions contemplates absence from State of officers and directors. Ch. 177, §§ 19, 21, 27. If meetings outside the State are desired, provision should be made therefor in the by-laws. Id., § 3. No statutory provisions as to notice or quorum, but the courts hold that a majority is necessary to constitute a quorum. *Lockwood v. Bank*, 9 R. I. 308.

Executive Committee. No provisions.

10. Officers.

General. A treasurer is required. If he is a non-resident, a resident agent must be appointed. Ch. 176, § 16; Ch. 177, § 21. A president and a secretary are also necessary under the requirements of the statutes. The recording officer must be a resident and keep records of transfers of stock in the State. Ch. 177, §§ 19, 21.

(Rhode Island)

Liability. Officers of manufacturing companies are liable for any false certificates or public notice, to the extent of all corporate debts contracted while they remain in office or remain stockholders. Ch. 180, § 20. Actions to enforce liability of officers and directors may be brought while action is pending against corporation for the same debt. Id., § 21. Officers or agents of a corporation who issue stock or stock certificates fraudulently are liable to fine and imprisonment. Ch. 279, § 20.

11. Principal Office.

Must be maintained within the State with a treasurer or resident agent in charge. The stock transfer books must be kept therein. Ch. 177, §§ 19, 21.

12. Corporate Books.

All records of transfers of stock must be made and kept within the State. Ch. 177, § 19.

13. Reports.

Where treasurer is a resident of the State, his name and address must be filed with the Secretary of State forthwith upon his election. If treasurer is a non-resident, a power of attorney to a resident agent must be so filed. Ch. 176, § 16. Certificates of payments of capital stock are also required to be filed (Ch. 177, § 24; Ch. 180, § 2), but no regular annual report. Town assessor may require any corporation to file return of its shares held by any person in his district, stating par and cash market value of such shares and the proportionate amount per share at which the corporate property was last assessed. Ch. 46, §§ 11, 12; L. 1905, p. 81.

Publication is required only of notice of stockholders' meetings, which may be waived, or avoided by personal notice. Ch. 176, § 6; Ch. 177, § 4.

14. Foreign Corporations.

How Authorized to Do Business. A foreign corporation before doing business in the State, must appoint by written power some competent person, resident in the State, as its attorney to accept service of process against the corporation. A copy, duly authenticated, must be filed with the Secretary of State. L. 1902, Ch. 980; G. L., Ch. 253, § 37. Foreign insurance, surety, express, and building and loan companies have special provisions. Chs. 182, 185, 189.

Penalties for Non-Compliance. Inability to sue in the State courts on any contract made in the State (Ch. 253, § 36) and fine of \$1,000 against any person representing such corporation. Id., § 41; *McLeod v. Putnam*, 24 R. I. 500 (1902); *Crowley v. Walton*, 23 R. I. 331 (1901).

No other provisions relating to foreign corporations.

15. Combinations and Monopolies.

No statutory provisions.

SOUTH CAROLINA.

Enactments of 1906.

6. Corporate Powers.

General. Merchants and corporations when indebted are prohibited from sale of entire assets except in the ordinary course of trade, save with certain formalities designed to protect the rights of creditors. L. 1906, Act No. 1. p. 1.

9. Directors.

Number. An unlimited number of directors are permitted for banking, shipbuilding and trust corporations, and these directors may be divided into two classes, advisory and active. C. C. 1996a; Act Feb. 20, 1902; 23 Stats. 1038. By an addition to this act, insurance companies are included among the corporations so empowered. L. 1906, Act No. 40, p. 54.

SOUTH CAROLINA.

1. Corporation Laws.*

Constitution. (1895.) All business corporations to be created under general laws (Art. IX, § 2) and, except mercantile corporations, to maintain at least one public office in the State and at least one agent on whom process may be served. Id., § 4. No foreign corporations may construct or operate railroads in the State, unless re-incorporated in the State. Id., § 8. Banks shall not be created by special act. Id., § 9. Stocks or bonds not to be issued save for labor done, or money or property actually received, and all fictitious issues declared void. Id., § 10. Cumulative voting prescribed. Id., § 11. No corporation to engage in any business except as authorized in charter. Id., § 12. General assembly to enact laws to prevent all trusts, etc., with penalty of forfeiture of franchises. Id., § 13. Stockholders of general corporations to be liable for corporate debts only to extent of balance due on stock. Id., § 18. Commissions to be appointed for supervision of corporations. Id., §§ 9, 13, 14. Circumvention of these provisions by controlling any other corporation prohibited. Id., § 19.

Statutes. The corporation law of South Carolina is contained in the Civil Code of 1902, Title XII, of which Chapters 47 and 48 contain general provisions; Ch. 43 refers to banks and banking; Ch. 44 to foreign corporations; Ch. 45 to insurance companies; Ch. 46 to fraternal beneficial associations; Ch. 49 to municipal corporations; Ch. 50 to railroads; Ch. 51 to telegraph, telephone, express and steamboat companies; Ch. 52 to joint stock companies; and Ch. 53 to drainage corporations. Amendments are found in L. 1903, 1904 and 1905.

Under the general provisions corporations may be formed for any lawful purpose except railroad, turnpike and canal companies. § 1880.

2. Taxes and Fees.

Organization Expenses. To Secretary of State: For recording declaration, \$3 (§ 1881); on issuing charter, one mill on each dollar (\$1 on each \$1,000) of authorized capital stock up to and including \$100,000; one-half mill on each dollar over \$100,000 and up to and including \$1,000,000; one-fourth of a mill on each dollar of authorized capital stock exceeding \$1,000,000 (§ 1888); on filing return, \$3 (§ 1884); for recording each declaration, petition or return, precedent

* References, except as otherwise noted, are to sections of the Civil Code (1902).

to granting charter, \$2.50 for each paper (§ 1888); in addition to recording fees, \$5 for each charter issued. L. 1905, Act 437.

Franchise Tax. Business corporations must pay to the Comptroller General, on or before the first day of April of each year, an annual license fee of one-half of one mill on each dollar of paid up capital; minimum fee, \$5. L. 1905, Act 407, § 4. (See § 13, "Reports.")

Local Taxation. Corporations are to return property owned in the State, in same manner as individuals; and if property tax is paid by the corporation, shareholders are not taxed on stock. §§ 304-306.

General. On renewal of charter and on increase of stock (§ 1851), same fee as on original incorporation. §§ 1879, 1888. For each amendment of charter, renewal, increase or decrease of stock, or any other paper required by law to be filed, \$2.50. § 1888.

3. Incorporation.

Incorporators. Must be two or more. § 1880. No requirements as to residence.

Formation.

1. **Declaration for Charter.** Is subscribed by the incorporators. The form is supplied by Secretary of State, and sets forth (§ 1880):

- (1) Names and residences of the petitioners.
- (2) Name of the proposed corporation. Must be different from that of any existing corporation.
- (3) Place where it proposes to have its principal place of business, if any, or to be located. Must be definitely stated, but street and number may be omitted.
- (4) General nature of the business which it proposes to do.
- (5) Amount of capital stock, and how and when payable. Preferred stock may be provided for by merely stating proportion to have preference.
- (6) Number of shares into which the capital stock is to be divided, and par value of each share.
- (7) Any other matter which it may be desirable to set forth.

2. **Filing and Recording.** On the filing and recording of this declaration, the Secretary of State issues to the parties, or to two or more of them, a commission constituting them a Board of Corporators, and authorizing them to open books of subscription to the capital stock after such public notice, not exceeding ten days, as he may require in the commission. § 1881.

3. **First Meetings.** When not less than fifty per cent. of the proposed capital stock has been subscribed in good faith, the board of corporators calls the subscribers together for the adoption of by-laws and election of a board of directors. A majority must be present in person or by proxy. § 1883. The first board of directors is elected by the subscribers from their own number, and when so elected proceed to elect officers and call for payment of subscriptions to the capital stock. *Id.*

4. **Corporators' Return.** Upon payment to the treasurer or other officers designated by the subscribers, of at least twenty per cent. of the aggregate amount of the capital subscribed, payable in money, and also upon the delivery of at least twenty per cent. of the property subscribed to the aggregate amount of capital stock, or upon its delivery being secured by such obligations of the subscribers as the board of directors may approve, the board of corporators or a majority thereof prepare and certify the corporators' return, which must include the facts set forth in the declaration and that the above requirements have been complied with. It must also contain a report of the first meetings, with names of directors and officers elected. § 1884.

5. **Issuance and Filing of Charter.** The corporators' return is filed with the Secretary of State and on payment of the charter fee and other prescribed fees, that official issues a charter, certifying that the corporation has been fully organized according to law, under the name and for the purposes indicated, and that it is authorized to commence business. A copy of the charter is recorded in the office of the register of mesne conveyances or clerk of each county in which the corporation shall have a business office. § 1884.

4. Organization.

(See "Formation," under § 3.)

By-Laws. No special provisions. §§ 1848, 1893.

5. Corporate Existence.

When Commenced. On issuance of charter. §1884. Unless limited in petition, duration is perpetual. §§ 1891, 1893. It continues after expiration, annulment or dissolution for the purpose of closing affairs. §§ 1866, 1884. It can be questioned only by direct proceeding by the proper authorities of the State to annul the charter. § 1885.

Beginning Business. Business may be commenced on issuance of charter and must be commenced within two years after grant of charter. § 1884.

Renewal. May be had, after expiration, on filing petition, signed by three or more of the officers or stockholders, setting forth the charter and date of its expiration, together with payment of fees as for original charter; whereupon Secretary of State issues a certificate

of renewal, perpetual unless limited in the petition, which is recorded as was original charter. § 1891. Renewal before expiration is similarly provided for (§§ 1874, 1875), in which case authorization of the petition by the board of directors must be included.

Forfeiture of Charter. Occurs on non-user of franchises for five years. § 1898. For non-payment of taxes for thirty days Attorney General may bring action to annual charter. §§ 308, 1865. Penalty of forfeiture of charter is provided, for formation of trust. §§ 2845, 2846; Const., Art. IX, § 13.

Dissolution. Surrender of charter by majority vote of the stock, resolution therefor signed by the president and secretary or equivalent officers, to be filed in the office of the Secretary of State, is provided for. § 1884. On dissolution every domestic corporation is required to file a certificate with the Secretary of State, signed in case of voluntary dissolution by the president and secretary and a majority of the directors; if dissolved by court, signed by the clerk of the court. L. 1904, Act 269, § 13. On dissolution, the court of common pleas and circuit judges have jurisdiction to appoint receiver on application of any creditor or stockholder, or may continue directors as trustees. §§ 1867-1873.

6. Corporate Powers.

General. General powers are enumerated. §§ 1848, 1893.

To Hold Property. This power is conferred to the extent of property necessary to the corporate purposes and such as is taken in payment of debts. The amount may be limited in charter. §§ 1843, 1848. It is further conferred on corporations organized under the present act, to the same extent as enjoyed by individuals. § 1893.

Its Own Stock. No statutory provision.

Stock of Other Corporations. Manufacturing companies are expressly authorized to become members of any mutual insurance or indemnity company. L. 1903, Act 40. And the power is fully conferred as to business corporations. § 1893.

To Borrow Money. This power is fully conferred as to business corporations, to the extent of the legitimate corporate necessities. A vote of the stockholders is required for mortgage or deed of trust on property and franchises, but temporary loans may be secured by officers on personal property, unless forbidden by by-laws. § 1893. All fictitious increase of indebtedness is void. § 1855; Const., Art. IX, § 10.

To Do Business in Other States. Is authorized by implication. §§ 304, 305.

Consolidation or Merger. No provision for business corporations.

Amendment of Charter. May be had only to increase or decrease capital stock, by two-thirds vote. §§ 1851, 1852; L. 1904, Act 248.

7. Capital Stock.

Amount. Is not limited by law. Must be stated in petition and corporators' return. § 1880.

Initial Payment. Is to be at least twenty per cent. of the aggregate amount of the capital subscribed payable in money, and also twenty per cent. of property subscribed, with at least fifty per cent. of the authorized stock subscribed before organization. §§ 1883, 1884. Where the petition provides for payment in instalments, fifty per cent. of first instalment is sufficient. § 1884.

Consideration for Issue. Must be labor done, or money or property actually received or subscribed, and all fictitious increase of stock is void. § 1855; Const., Art. IX, § 10. The initial delivery of twenty per cent. of property subscribed may be secured by such obligation of the subscribers as the board of directors may approve. § 1884. But property taken must be at its money value, and any labor and property taken must be specified with the value thereof in the subscription lists and must be approved by the board of corporators. In case of failure to perform the labor or deliver the property, the money value thereof is to be paid by the subscriber. § 1882.

Increase or Decrease. May be effected by four weeks' published notice, a two-thirds vote of the stock, and certificate of the resolution by the board of directors, filed with the Secretary of State, together with the original charter or certificate of incorporation, upon which the Secretary of State endorses such increase or decrease, or issues a certificate, which is to be recorded by the county officer in whose office the original charter was recorded. §§ 1851, 1852; L. 1904, Act 248. Prior stockholders have first right of subscription to increase. *Mfg. Co. v. Gantt*, 68 S. C. 199 (1903).

Classes of Stock. May be provided for at the first meeting of the subscribers; otherwise by two-thirds vote of the stock at a meeting duly called for that purpose on notice published four weeks. §§ 1856-1860, 1883.

Par Value of Shares. Not prescribed, but must be stated in petition for charter. § 1880.

Stock Certificates. Must be numbered, and each stockholder shall have one under the seal of the corporation signed by the secretary or treasurer, certifying his property in the shares expressed in the certificate. § 1847; L. 1905, Act 436. No stock shall be issued until fully paid except where the petition specifies that it is to be paid for in instalments. § 1894.

Transfer of Stock. Is not valid until made on the books of the corporation except as between the parties. § 1894.

8. Stockholders.

Rights and Powers. They control increase and decrease of stock by a two-thirds vote (§§ 1851, 1852), and dissolution by a majority vote. § 1884. One-fifth of the capital stock may call meeting. § 1899.

Liability. The stockholders of an insolvent corporation are individually liable to the amount remaining due to the corporation on the stock owned by them. Const., Art. IX, § 18.

Meetings. At least one stockholders' meeting must be held annually in the State, at time and place and on such notice as the by-laws prescribe. § 1846. Annual meeting if not held on the appointed day may be called at any time thereafter. § 1899. Quorum is to be fixed by by-laws. § 1845. Voting by proxy is permitted (Id.), form of proxy to be prescribed by by-laws. Id. Cumulative voting is prescribed. §§ 1846, 1883; Const., Art. IX, § 11.

9. Directors.

Number. May not be more than nine. § 1883.

Qualifications. Directors must be stockholders. § 1883.

Powers. They have only the usual powers.

Liability. Penal provisions apply in case of fraudulent misrepresentations. Crim. Code, §§ 208, 209.

Meetings. Are to be provided for by the by-laws. § 1845. A majority of the board is necessary to exercise its powers unless otherwise provided. § 1849.

Executive Committee. No provisions.

10. Officers.

The board of directors are to elect from their number a president and also a secretary and treasurer, the latter to give such bond as the board may require. §§ 1844, 1883. An agent must be maintained in the State upon whom process may be served. Const., Art. IX, § 4.

11. Principal Office.

Its location must be definitely stated in charter. § 1880. One public office with agent in charge must be maintained in State. Const., Art. IX, § 4.

12. Corporate Books.

What Required. Stock transfer book is mentioned. § 1894. Also stock subscription book. § 1881. No direct provision as to where books are to be kept.

Examination of. The books of a business corporation are to be open to the inspection of any stockholder at any and all times. § 1897.

13. Reports.

Business corporations operating in the State must make a report in writing to the Comptroller General annually in the month of

February, in such form as the Secretary of State may prescribe, containing: (1) Name of the company. (2) Location of principal office. (3) Name and post-office address of president, secretary, treasurer, superintendent and general manager, and of each director. (4) Date of annual election of such officers. (5) Amount of authorized capital stock and par value of shares. (6) Amount of capital stock subscribed, amount issued and outstanding and amount paid up. (7) Nature and kind of business in which it is engaged, and place or places of business. (8) Change or changes, if any, in above particulars made since last report. L. 1904, Act 269; L. 1905, Act 407.

14. Foreign Corporations.

How Authorized to Do Business. Foreign corporations may carry on business with like powers as domestic corporations of same kind and class (L. 1904, Act 247), by filing with the Secretary of State, within sixty days after commencing any business or acquiring any property in the State, copies of charter and by-laws with all amendments thereof, and a written stipulation in due form designating a place within the State as its principal place of business or location at which service of process may be made on some officer or agent found therein; also a statement sworn to by some officer of the corporation, showing the residence and post-office address of the corporation, the amount of capital stock actually paid in, and the names of the president, the secretary and directors, with respective residences and post-office addresses. §§ 1779-1781. Filing fee, \$5 for each paper. § 1888.

On retiring from business in the State foreign corporations are required to file a certificate to that effect with the Secretary of State, signed by the president and secretary of the corporation. Filing fee, \$5. L. 1904, Act 269.

Penalties for Non-Compliance. Fine of \$500 recoverable at the suit of the State. § 1783; L. 1905, Act 447.

Taxation. Annual license fee of one-half of one mill on each dollar of the value of the property used within the State in the conduct of the corporate business. L. 1904, Act 269.

Books. Same regulations as for domestic corporations. § 1790.

Reports. Foreign corporations for profit doing business in the State must file the same annual report in February as domestic corporations, adding thereto: (8) Location of office or offices in South Carolina and name and address of officers or agents in charge of the corporate business in the State. (9) Value of property owned and used in South Carolina and value of property owned and used outside of the State, and where such property is situated, stating county and township and other tax division where situated within the State. (10) Change or changes, if any, in these particulars since last report. L. 1904, Act 269.

Attachments Against. Lie against foreign corporations as such, even after complying with the law. *Williamson v. Ass'n*, 54 S. C. 582 (1898).

(South Carolina)

15. Combinations and Monopolies.

The Constitution of 1895, Art. IX, § 13, directs legislation to prevent trusts, combinations or agreements against public welfare—with penalties to the extent, if necessary, of forfeiture of franchises. This is carried into effect by penal provisions, imposing fines from \$100 to \$5,000, imprisonment from six months to ten years, and suits to be brought by Attorney General against corporations for forfeiture of charter and to restrain transaction of business. Crim. Code, §§ 212-215. Persons injured may recover sums paid for goods controlled by such combination or trust. Id., § 214. Civil Code contains similar provisions. §§ 2845-2847.

SOUTH DAKOTA.

I. Corporation Laws.*

Constitution. (1889.) Special or exclusive franchises prohibited (Art. III, § 23); also the creation of corporations by special laws, except charitable, educational, penal or reformatory corporations under control of the State. Art. XVII, § 1. Cumulative voting prescribed. Id., § 5. No corporation to engage in business other than that expressly authorized by its charter, nor to hold real estate except such as may be necessary and proper for its legitimate business. Id., § 7. No corporation to issue stock or bonds except for labor done or money or property actually received. Fictitious increase of stock or bonds void. No increase of stock or indebtedness to be had except in pursuance of general law, nor without the consent of a majority vote of the stock, at meeting on sixty days' notice. Id., § 8. All foreign corporations to have one or more known places of business in the State, and an authorized agent or agents in the same on whom process may be served. Id., § 6. Monopolies or trusts shall never be allowed in this State. No incorporated company shall directly or indirectly combine or make any contract with any incorporated company, domestic or foreign, to in any manner whatever fix the prices, limit the production or regulate the transportation of any product or commodity so as to prevent competition in such prices, production or transportation or to establish excessive prices therefor. Legislature to pass laws for enforcement thereof, with punishment, if necessary, of forfeiture of franchises. Id., § 20. Competing railroads and telegraph companies may not consolidate. Id., §§ 11, 14.

Statutes. The General Corporation Law of South Dakota is found in Civil Code (Revised Codes, 1903), Division Second, Part 3, Title 2, Ch. 3. Under it corporations may be formed for any lawful business. § 407. §§ 396-479 contain general provisions; §§ 780-797 refer specially to mining, manufacturing, irrigation and other industrial corporations; §§ 883-885 refer to foreign corporations, and the intervening sections refer specially to railroad, telegraph and telephone, and insurance companies, and wagon road, bridge, building and loan, banks, cemetery, charitable, religious and educational corporations. Amendments are found in L. 1903, Chs. 105-107, 141 and L. 1905, Chs. 73, 74.

2. Taxes and Fees.

Organization Expenses. To Secretary of State for examining, filing and recording articles of incorporation and issuing charter: On

* References are to Civil Code, 1903, except where otherwise noted.

authorized capital stock of \$25,000 or less, \$10; over \$25,000 but not exceeding \$100,000, \$15; over \$100,000 but not exceeding \$500,000, \$20; over \$500,000 but not exceeding \$1,000,000, \$25; over \$1,000,000, \$40. For any excess over 1,000 words in articles of incorporation, additional recording fee of 10 cents per folio. Copies, 20 cents per folio; certificate with seal, \$1. L. 1903, Ch. 141.

Franchise Tax. None imposed.

Local Taxation. Same as for individuals. Stock, if the corporate property is assessed in the State is not taxed in hands of the owner. Pol. Code, § 2058.

General. For examining and filing amendments or amended articles of incorporation, \$5. On increase of capital stock, such fees as will make, with the fee paid on incorporation, a total sum equal to the fee which would be required on incorporation under the new act. For any recording, 20 cents per folio; same for transcripts. For filing bonds or oaths, 50 cents. For certificate under Great Seal, \$1. L. 1903, Ch. 141. On extension of corporate existence, same fees as on original incorporation. L. 1903, Ch. 105.

3. Incorporation.

Incorporators. For business corporations, must be three or more. § 407. One-third must be residents of the State. § 410.

Articles of Incorporation. Must be subscribed and acknowledged by each of the incorporators (§ 410), and must set forth (§ 408):

- (1) Name of the corporation. No restrictions.
- (2) Purpose for which formed.
- (3) Place where principal business is to be transacted. Must be within State. Mining and manufacturing corporations may provide for office without the State. § 786.
- (4) Term for which it is to exist.
- (5) Number of directors or trustees, with the names and residences of those who are to serve until the election of such officers, and their qualifications.
- (6) If there is a capital stock, its amount and the number of shares into which it is divided.

Special clauses are provided for railroad and wagon road companies. § 409. Also for ditch, flume and tunnel companies. §§ 788, 792, 793.

Mining, manufacturing and other industrial corporations may provide in their articles of incorporation for having a business office without the State, at any place within the United States, and to hold any meeting of the stockholders or directors at such office, always having the main office within the State as named in the articles of incorporation. § 786.

An affidavit of two of the incorporators is attached to the articles of incorporation, stating that the corporation is formed in good faith and not for the purpose of avoiding the provisions of the law against trusts and monopolies. Penal Code, § 781.

Filing and Recording. These articles are filed and recorded with the Secretary of State who, if all fees are paid, thereupon issues a certificate over the Great Seal that the articles have been duly filed. § 411.

4. Organization.

First Meetings. No statutory provision for organization meeting, but by-laws must be adopted within one month after filing articles of incorporation. This may be done without meeting on written consent of two-thirds of the stock. If meeting be held it must be called on two weeks' notice by advertisement in a newspaper published in the county in which the principal place of business is located, or if none there, in an adjoining county. § 428. Notice may be waived if all stockholders are present and sign written consent on the record. § 442.

The directors who are to serve until election are named in the articles of incorporation. § 408. But election for a new board must be had at the first meeting of stockholders at which by-laws are adopted or at such subsequent meeting as may then be designated, to hold office for one year. § 432. Immediately after their election the directors must organize by the election of a president, out of their number, a secretary and treasurer. § 435.

By-Laws. May be adopted by majority vote of the subscribed stock (§ 428), or by written consent of two-thirds of the stock. Power to pass by-laws subject to control of the stockholders may be delegated to directors by two-thirds vote of stock. By-laws must be certified by a majority of the directors and the secretary, but are not then effective until copied in book of by-laws. §§ 429, 430. By-laws may provide, for: (1) Time, place and manner of calling and conducting meetings. (2) Stockholders' quorum. (3) Mode of voting by proxy. (4) Time of annual election of directors; mode and manner of giving notice thereof. (5) Compensation and duties of officers. (6) Manner of election and tenure of office of all officers other than directors. (7) Suitable penalties for violation of by-laws, not exceeding \$100 for any one offence. § 429.

Certificates. None required to show completed organization.

5. Corporate Existence.

When Commenced. On filing of articles of incorporation with Secretary of State and issuance of certificate by him. § 411. Duration of mining, manufacturing or other industrial corporation is not to exceed twenty years. § 780. Can not be collaterally attacked, but only at the suit of the State. § 399.

Beginning Business. Business may be commenced forthwith. Must be commenced within one year under penalty of forfeiture of

charter. § 447. Mining, manufacturing and other industrial corporations must commence business or construction of works within ninety days after issuance of certificate of incorporation, and works on ground not owned by corporation must be completed within two years. § 795.

Renewal. At any time within one year before the expiration of the charter term, the corporate existence may be renewed for a period not longer than that allowed for similar corporations on original incorporation. Application to the Secretary of State therefor must be signed by stockholders owning two-thirds of the capital stock, with statement of the number of shares owned by each; also a statement verified by the president and secretary must be filed, setting forth: (1) Assets and liabilities. (2) Nature of business. (3) Number of shares issued and outstanding. (4) Number of shares subscribed and not issued. (5) Name and post-office address of each stockholder and number of shares owned by each. (6) Names and post-office addresses of the directors.

On filing of these papers and payment of same fee as on original incorporation, the Secretary of State, if satisfied that the corporation is solvent and conducting a lawful business, issues a certificate of the desired extension. L. 1903, Ch. 105.

Forfeiture of Charter. If a corporation does not organize and commence the transaction of business or the construction of its works within one year from the date of incorporation, its corporate powers cease. § 447. *Ultra vires* acts are grounds for forfeiture at suit of the Attorney General. Code Civ. Pro., § 571.

Dissolution. May be had voluntarily, by application to the circuit court of the county where the principal office or place of business is situated, on resolution of two-thirds of the stockholders, showing that all debts and liabilities have been paid or satisfied. §§ 446-450. Proceedings on involuntary dissolution are provided for in Code of Civ. Pro., §§ 228, 571, 572.

6. Corporate Powers.

General. The usual powers are enumerated. § 427. No corporation may engage in business other than that expressly authorized in its charter. Const., Art. XVII, § 7.

To Hold Property. No corporation shall hold or acquire more real or personal property than is necessary for its legitimate business. § 427; Const., Art. XVII, § 7.

Its Own Stock. A corporation may purchase its own stock out of its surplus funds when authorized by resolution of its stockholders or by their unanimous consent in writing, and may hold and transfer the same in such manner and for such price as may be by them agreed upon. § 425. If there is no sufficient bid at sale of delinquent stock, the corporation may purchase and hold such shares subject to the control of the remaining stockholders. A majority of the remaining shares to be a majority of the stock for voting purposes, any purchased stock being non-assessable and non-dividend bearing. §§ 463, 464.

Stock of Other Corporations. There are no special provisions except prohibition against telegraph companies owning controlling interest in company with competing lines (§ 565; Const., Art. XVII, § 11), and the express provisions for consolidation in that manner of railroad companies (§ 494) not owning competing lines. Const., Art. XVII, § 14.

To Borrow Money. The corporate indebtedness must be limited to the amount of its capital stock. §§ 436, 444; L. 1903, Ch. 106. No corporation may issue bonds except for labor done, or money or property actually received, and all fictitious increase of indebtedness is void. Indebtedness not to be increased except on consent of a majority in value of the stock had at a meeting called on sixty days' notice. Const., Art. XVII, § 8.

To Do Business in Other States. Mining, manufacturing and other industrial corporations may provide in their articles of incorporation for a business office anywhere within the United States, always maintaining their main office within the State. § 786.

Consolidation or Merger. There are no provisions for consolidation of general corporations. For non-competing railroad corporations detailed provisions are found. §§ 494, 495.

Amendment of Charter. Amendments may be made modifying or enlarging the corporate business or purposes, and to include any provisions which might have been inserted in the original articles (§ 418), by vote of two-thirds of the outstanding stock at annual meeting, or at special meeting called on thirty days' notice in writing. Sixty days' notice is required if increase of stock is to be voted on. Amended articles, certified by the president and secretary under the corporate seal, must be prepared in duplicate, showing all the facts as to the adoption of the amendment (vote, number of shares outstanding, notices given, etc.). One of the certificates must be preserved by the secretary of the corporation; the other must be filed and recorded in the office of the Secretary of State in the same manner as original articles. Certificate is thereupon issued by him and the amendment is effective. L. 1903, Ch. 106.

7. Capital Stock.

Amount. Not limited by law. Must be stated in articles of incorporation. §§ 408, 424.

Initial Payment. No requirements.

Consideration for Issue. No corporation shall issue stock or bonds except for labor done or money or property actually received; all fictitious increase of stock or bonds to be void. Const., Art. XVII, § 8. Assessments may be made after one-fourth of the capital stock has been subscribed. Elaborate provisions are made for manner of levying same and sale of delinquent shares. §§ 421, 451-471.

Increase or Decrease. Of capital stock is effected in same manner as any other amendment (§ 419), except that sixty days' notice of

meeting must be given. Const., Art. XVII, § 8. The capital stock must not be diminished to an amount less than the indebtedness of the corporation, or the cost of its works. §§ 418, 419; L. 1903, Ch. 106.

Classes of Stock. Not provided for by statute.

Par Value of Shares. Not limited but is to be stated in articles of incorporation. § 408.

Stock Certificates. Must be issued when fully paid up. Are to be signed by the president and secretary. May be issued before full payment when so provided in the by-laws. § 423.

Transfer of Stock. May be made by endorsement and delivery, but is not valid except as between the parties till made on books of the company. Entry must show name of party, by and to whom transferred, number of shares and date of transfer. § 423.

8. Stockholders.

Rights and Powers. Stockholders control amendments by a two-thirds vote. §§ 419, 444; L. 1903, Ch. 106. One-half of the stock may call meeting to remove director or for special election. §§ 438, 440. Two-thirds in interest of the capital stock may remove directors. § 438. Corporation may be dissolved by two-thirds vote. §§ 446-450. Three may apply to justice of the peace to call meeting by warrant. § 440.

Liability. Stockholders are liable for corporate debts only to the extent of the amount of unpaid subscriptions; action for recovery to be brought jointly or severally, and court to determine amount due from each and render judgment severally for such amounts. §§ 441, 783. For labor claims one stockholder may be compelled to pay the entire amount—if so much is due on his stock—but in such case may enforce contribution by other stockholders. § 783.

Meetings. Must be held at the principal office or place of business within the State (§ 440), except for mining, manufacturing and other industrial corporations, which may meet at an office outside the State if such office is provided for in the articles of incorporation. § 786. If no other date be named in the by-laws for annual election, it must be held on the first Tuesday in June. § 431. If annual meeting is not held regularly, and not called by the directors, or adjourned, one-half of the stock may call meeting by publishing two weeks' notice. §§ 438, 440. Circuit judge has jurisdiction to hear complaints as to irregular elections on five days' notice to adverse party. § 440. Adjournments and their reason must be noted on the journal of the board of directors. § 439.

Notice. Two weeks' notice by publication is prescribed (§ 428), except for meetings to increase stock or indebtedness, which require sixty days' notice. Const., Art. XVII, § 8. Notice may always be waived if all are present and sign consent on record. § 442.

Quorum. A majority is required for a quorum. § 439.

Voting. Must be by ballot at elections of directors. § 433. Each share has one vote. Voting by proxy is permitted as regulated

by by-laws. §§ 429, 439. Cumulative voting is prescribed. Const., Art. XVII, § 5. Stock must have stood in the name of the voter on the books of the corporation at least ten days prior to election. § 439.

9. Directors.

Number. Must be not less than three nor more than eleven. § 434. The number may be changed within these limits by regular amendment. §§ 418, 419. A director may be removed by two-thirds vote of the capital stock. § 438.

Qualifications. The directors must be stockholders in such amount as the by-laws provide. § 434. One-third must be residents of the State. § 404. Compensation may be fixed by by-laws. § 429.

Powers. Power to make by-laws may be delegated to the board, subject to repeal or amendment by stockholders. § 430. Unless otherwise provided by the by-laws, directors may fill vacancies in board. § 434. They are trustees on dissolution unless other persons are appointed by the court. §§ 446-450.

Liability. For declaring dividends except from surplus profits, for dividing or withdrawing any part of the capital stock, and for creating debts beyond the subscribed capital stock, or reducing or increasing capital stock otherwise than as prescribed by law, the directors under whose administration it happened, except those absent or dissenting on record, are jointly and severally liable to the corporation and to its creditors, and, in the event of dissolution, no statute of limitation is a bar to actions to recover such amounts. § 436.

Any officer wilfully making certificate or report, public notice or entry, which is false in any material respect, is liable for any damages resulting. § 437. Loans to stockholders are prohibited in mining, manufacturing, etc., corporations, rendering the officers assenting thereto jointly and severally liable for all corporate debts to the extent of such loan. § 781. Neglect or refusal to make, sign or publish annual report of mining, manufacturing, etc., companies is declared a misdemeanor. § 784. For any wilful violation of the law resulting in insolvency, directors ordering or assenting are jointly and severally liable for corporate debts contracted after the violation. § 787.

Meetings. Mining, manufacturing and other industrial corporations, maintaining an office in the State, and, by charter provision, an office without the State, and railroad companies maintaining a resident agent, may hold directors' meetings at the company office either within or without the State. Other corporations must hold directors' meetings at the principal office or place of business within the State. §§ 440, 786. Notice and manner of conducting meetings may be governed by the by-laws (§ 429), but a quorum may be constituted only by a majority. §§ 434, 435.

Executive Committee. Not expressly provided for, but is obviously within the scope of the by-laws. § 429.

10. Officers.

A president, who must be a director, a secretary and a treasurer are prescribed, their duties and compensation to be fixed by the by-laws. §§ 429, 435. The treasurer of any mining, manufacturing or other industrial corporation must, on demand of holders of twenty per cent. of the stock, make a statement of the assets and liabilities of the corporation, but shall not be required to make such statement oftener than once in six months. § 785. Statement must be furnished within twenty days of demand under penalty of \$50 and \$10 for each day of delay. *Id.*

11. Principal Office.

An office, designated in the articles of incorporation, must be maintained in the State. § 408. It may be changed only by regular amendment. §§ 418, 419; L. 1903, Ch. 106. Mining, manufacturing and other industrial corporations may provide in their articles of incorporation for a business office anywhere in the United States, but must always maintain a principal office within the State. § 786.

12. Corporate Books.

What Required. All corporations for profit are required to keep a record of their business transactions, and a journal of directors' and stockholders' meetings, showing whether regular or special, the time, place and notice and by what authority held; also showing every act done, or ordered to be done, those present and absent, and, on request, the time of entrance or exit of any person, the ayes and noes, and any protest against any action or proposed action. Also a "Stock and Transfer Book" must be kept showing the names of stockholders alphabetically arranged, instalments paid or unpaid, assessments levied and paid or unpaid, all transfers or alienations of shares with date and parties by and to whom, and such other entries as the by-laws may prescribe. §§ 423, 445. Also a "Book of By-Laws" must be kept. § 430. Books of accounts are prescribed for mining and other companies. § 782.

Where Kept. Book of by-laws must be kept at principal office within the State. § 430. No provision as to other books.

Examination of. Book of by-laws is to be open to inspection of the public during office hours. § 430. The other books to be open to inspection of any director, stockholder, member or creditor. § 445; Penal Code, § 683. Account books of mining, manufacturing and other industrial corporations must be at all reasonable times open to inspection of any of the stockholders, and as often as once a year a financial statement must be laid before the stockholders. § 782. Such statement, or one of any particular account, may be required from the treasurer by twenty per cent. of the stock as often as every six months. § 785.

13. Reports.

Mining, manufacturing and other industrial corporations must annually, within twenty days from January 1st, make a report, in a newspaper published nearest to the place of business, stating the capital stock, amount actually paid in, amount and nature of its indebtedness, and amounts due the corporation, number and amount of dividends, and when paid, and net amount of profits. This report must be signed by the president and a majority of the directors, be verified by the president and secretary, and filed in the office of the Register of Deeds of the county in which the corporate business is carried on. § 784. Neglect to publish and file this report is a misdemeanor. *Id.*

Publication is required of annual reports of mining, manufacturing and other industrial corporations. § 784. Publication of notices of meetings may be dispensed with by waiver or written assents. Notice of dissolution and of sale of stock for non-payment of assessments must always be published. §§ 446, 456, 459.

14. Foreign Corporations.

How Authorized to Do Business. No foreign corporation shall transact any business in the State or acquire any property therein, or sue or maintain any action, until it shall have filed and recorded in the office of the Secretary of State a duly authenticated copy of its charter or articles of incorporation, and appointed an agent, residing at some accessible point in the State, duly authorized to accept service of process; a duly authenticated copy of the appointment of such agent to be also filed and recorded in the office of the Secretary of State and of the Register of Deeds of the county in which the agent resides. §§ 883-885. Fees, \$10; appointment of agent and certificate, \$2; annual statement, \$5. L. 1903, Ch. 141.

The Constitution provides that foreign corporations doing business in the State must maintain one or more known places of business in the State. Art. XVII, § 6.

Penalties for Non-Compliance. Inability to maintain actions in the courts of the State on any contract or transaction had in the State, and liability of officers and agents as for a misdemeanor. § 885.

Taxation. As for domestic corporations. Pol. Code, §§ 2114, 2124.

Books. Foreign corporations are subject to the same penal statutes governing domestic corporations in relation to books and all corporate acts. Penal Code, §§ 670-691, 690.

Reports. Tax returns are to be made as by domestic corporations. §§ 593, 594; Pol. Code, §§ 2114, 2124.

Attachments Against. Attachment lies against foreign corporations which have not complied with the law by appointment of an agent on whom process may be served. This is solely because of their failure to comply with the law. Code Civ. Pro., §§ 205, 207.

15. Combinations and Monopolies.

The restrictions on trusts and monopolies contained in the Constitution (See under § 1, "Constitution") are carried out in elaborate penal provisions (Penal Code, §§ 770-781), declaring violations misdemeanor, punishable by fines; first offence, \$1,000 to \$5,000; second offence, \$5,000 to \$10,000, one-half to the person aggrieved and one-half to the County Treasurer in county where conviction may be had. §§ 773, 774. An act of 1890 (§§ 776-779) seems aimed more especially against exclusive agencies or combinations for sale of farm machinery and implements, declaring offences felony, punishable by fine not exceeding \$1,000 and imprisonment not exceeding three years, or both. § 776. Injunction lies against any business in violation of the law. § 778.

TENNESSEE.

1. Corporation Laws.*

Constitution. (1870.) Perpetuities and monopolies are contrary to the genius of a free state and shall not be allowed. Art. I, § 22. No corporation to be created except by general law. Art. XI, § 8. Manufactured produce of the State not to be taxed. Art. II, § 30.

Statutes. The Corporation Law of Tennessee is found in Part I, Title 9, Ch. 3, of Code of Tennessee, 1896 (Shannon), the greater part of which consists of provisions for special corporations. General provisions are found in §§ 2024-2076; §§ 2330-2353 refer specially to mining and manufacturing companies, and Ch. 4 provides for foreign corporations.

Under the provisions of the law, corporations may be formed for any lawful business, or to promote or conduct any legitimate object or purpose for individual profit. L. 1903, Ch. 474.

2. Taxes and Fees.

Organization Expenses. To Secretary of State: One-tenth of one per cent. on authorized capital stock (L. 1899, Ch. 432) and filing fee of \$10 including cost of recording. § 720; L. 1899, Ch. 2. Certified copy, \$10. Id.

To Register of Deeds, \$3. § 2039.

Franchise Tax. Some 83 occupations are declared to be "privileged" and a license tax imposed, graded according to capital, business done or population of the county where they operate. §§ 712-717.

Local Taxation. Manufactured produce of the State is not taxed. Const., Art. II, § 30; L. 1901, Ch. 174. Stock of corporations, all the property of which is taxable to the corporation, is not assessed to the shareholder. § 799. Franchises are included in assessment of property. §§ 774, 800; L. 1901, Ch. 174. (See § 13, "Reports.")

General. For registering any amendment, \$3. § 2032. Agreements of consolidation, \$25. Other agreements, \$25. L. 1899, Ch. 2. On increase of capital stock by amendment to the charter and on consolidation or merger, privilege tax of one-tenth of one per cent. on increase, or on outstanding stock of acquired corporation, must be paid to the Secretary of State. L. 1899, Ch. 432, pp. 1049, 1050; L. 1903, Ch. 398.

* Sections given are of Shannon's Code of Tennessee, 1896.

3. Incorporation.

Incorporators. Must be five or more persons over twenty-one years of age. No requirements as to residence, except for railroads and certain other special incorporations. § 2025; L. 1903, Ch. 474.

Charter of Corporation. Form is set out at length in the Statute. It is to be signed by the incorporators and acknowledged, or any one or more signatures proved by a witness before the clerk of the county court. Acknowledgments before notaries public have been ratified from time to time by acts of legislature (§ 2542; L. 1890, Ch. 17; L. 1903, Ch. 302), but these acts have not authorized such acknowledgments for the future. Charter is to set forth:

- (1) Names of incorporators.
- (2) Name of corporation.
- (3) Purposes of corporation stated specifically.

(4) Amount of capital stock, and further nearly all the essential features of a general corporation law, enumerating the usual powers; the scope of by-laws; number, powers and proceedings of board of directors; corporate books; assessments on stock; amendments and dissolution; annual reports; liability of officers, directors and stockholders; concluding with an application for such charter "for the purposes and with the powers, etc., declared by the foregoing instrument." L. 1903, Ch. 474.

Filing and Recording. Charter with attached application or petition is registered with the Secretary of State, who issues certificate of registration; and it is also registered in the office of the Register of the county in which principal office is established, together with the certificate of the Secretary of State under the Great Seal of the State. § 2026. If agencies are established in other counties, the papers must also be registered there. § 2027. The Secretary of State publishes in each volume of Session Laws a list of all corporations organized under this law. § 2033.

4. Organization.

First Meetings. No statutory provisions as to first meeting of stockholders. The first board of directors consists of the incorporators. L. 1903, Ch. 474.

By-Laws. Cover the usual details of corporate procedure and may also regulate the subscriptions for and transfers of stock, fix amount of capital stock to be invested in enterprise, the division of same into shares, time required for payment of subscriptions, and amount to be called for at any one time. L. 1903, Ch. 474.

Certificates. None required to show completed organization.

5. Corporate Existence.

When Commenced. On registration in the county of the principal office, of charter certified by the Secretary of State under the

Great Seal. § 2026. It may be perpetual, and its duration is not required to be stated in the charter. Extends five years beyond dissolution, to wind up affairs. §§ 2071, 2074. Cannot be collaterally questioned. §§ 2026, 2063, 2064.

Beginning Business. May be commenced on completion of registration requirements. §§ 2026, 2027.

Renewal. No provisions for renewal, the statutes contemplating perpetual existence. Corporations formed by charter of the chancery court, may extend their existence and come under the general law by proceedings as on original incorporation. §§ 2030, 2031. Reorganization by purchasers under judicial sale of corporate franchises and property is provided for. §§ 2049-2051.

Forfeiture of Charter. Does not occur for non-user. §§ 2042, 2070. But violations of certain provisions as to consolidation (§§ 2047, 2048) and mismanagement, in the particulars usually entailing personal liability of directors, entail forfeiture, as a preliminary to enforcing such liability. §§ 2067-2069. For violations of laws against combinations and monopolies. §§ 3188, 6625. Proceedings by State are provided for misuse, non-user or abuse of powers. §§ 5165, 5181, *et seq.*

Dissolution. May be effected by application to courts of competent jurisdiction. §§ 2070-2075. Occurs on rejection of a fundamental amendment to charter by more than one-half of the stock. L. 1903, Ch. 474, p. 1315.

6. Corporate Powers.

General. The usual powers are enumerated. § 2054. Banking powers prohibited. § 2059. Business outside the purpose of the charter must not be undertaken. *Id.*

To Hold Property. This power is granted to the extent of corporate purposes, and as to property taken on payment of debts. §§ 2054, 2346, 2347.

Its Own Stock. No general provisions. Is prohibited to banks, with specified exceptions. § 3235.

Stock of Other Corporations. No general provisions. On vote of three-fourths of their stock, mining companies may acquire stock and bonds of railroads useful to their mining operations. §§ 2339, 2340.

To Borrow Money. This power is granted in general terms. § 2054. A majority vote of the issued stock is required for the purpose of issuing bonds and mortgaging property and franchises. § 2049. So also for mining companies. § 2341. But the corporate indebtedness must at no time exceed the capital stock paid in. §§ 2337, 2350; L. 1903, Ch. 474.

To Do Business in Other States. No statutory provision.

Consolidation or Merger. Is permitted, except between railroads owning competing lines (§ 2046a) and for certain semi-public cor-

porations (§ 2047), by majority vote of the stock, at a meeting called on sixty days' notice. §§ 2044-2048.

Amendment of Charter. Charters of corporations formed under the general laws may be amended only by act of legislature. If any such amendment is fundamental in character, rejection by more than one-half the stock dissolves the corporation and it exists thereafter only for the purpose of winding up business. If fundamental amendments are accepted dissenting stockholders may withdraw and receive par value of their shares if worth so much, if not then the market value. L. 1903, Ch. 474, p. 1315. Special provisions apply to corporations chartered by special act, or by chancery court. §§ 2028-2031, 2344.

7. Capital Stock.

Amount. Is not limited by law. Must be stated in charter. L. 1903, Ch. 474.

Initial Payment. Is not prescribed by law.

Consideration for Issue. Nothing but cash or land at a fair cash valuation shall be taken in payment of any part of the capital stock (§ 2335), except patents, which may be taken at a valuation agreed on by the subscriber and the corporation. § 2351; L. 1903, Ch. 474. Assessments to be regulated entirely by by-laws. § 2055. Preferred stock can be issued only at par and for cash. L. 1905, Ch. 174.

Increase or Decrease. May be accomplished by regular amendment. § 2028; L. 1899, pp. 1049, 1050.

Classes of Stock. May be provided for in charter; amount of common and preferred must be stated, and the latter must in no case exceed two-thirds of the total authorized capital stock. Preferred stock must be paid for in cash at par; may be made redeemable at not less than par; dividends may be made cumulative, but must not exceed 10 per cent. per annum. Preferred stockholders are not liable for corporate debts, unless their stock has voting power, which may be conferred by two-thirds vote of the common stock. Issue of preferred stock may also be provided for by the same vote. L. 1905, Ch. 174.

Par Value of Shares. May be \$100 or less. § 2052. Stock issued in shares of \$25 may be called in and \$100 shares issued for every four of the original shares. § 2053.

Stock Certificates. If preferred stock be issued, certificates must show on their face plainly written or printed the words "Common Stock" or "Preferred Stock." L. 1905, Ch. 174.

Transfer of Stock. Must be made on the books of the company. § 2066. Manner to be regulated by by-laws. § 2055. Does not relieve original holder from liability on unpaid stock until transferee has paid up all balance due. § 2058.

8. Stockholders.

Rights and Powers. Stockholders control amendments by a majority vote (§§ 2028, 2045, 2344); also conveyance or mortgage of corporate property and franchises. §§ 2045, 2049. Three-fourths may also change number of directors (§ 2038) and fix meetings. § 2342.

Liability. The amount due on any unpaid stock from a subscriber to the corporation shall be a fund for the payment of corporate debt. § 2058. Also for all claims of employees in case of insolvency of the corporation. § 2337; L. 1903, Ch. 474.

Meetings. Time and place of meetings of mining or manufacturing companies may be fixed by three-fourths vote of the stock. § 2342. No provisions as to notice or permitting meetings to be held without the State. Quorum is a majority. Voting at elections may be by proxy. Each share of stock has one vote. § 2056.

9. Directors.

Number. Must be not less than five. § 2056. The number may be changed by three-fourths vote of the stock. § 2038.

Qualifications. They must be stockholders. The first board is composed of the incorporators. § 2056; L. 1903, Ch. 474. Two-thirds only of the directors of a banking corporation may be stockholders. § 2333.

Powers. Are enumerated in charter. May fill vacancies on the board. § 2056. Make application for amendments. L. 1903, Ch. 474.

Meetings. No provisions except that a majority shall constitute a quorum. § 2056. Stockholders of mining or manufacturing companies are to fix time and place for directors' meetings, by a three-fourths vote. § 2342.

Liability. Directors of mining or manufacturing companies are liable for loans to stockholders (§ 2349), or for use of funds not authorized by charter; payments of dividends when funds are insufficient to meet liabilities; keeping false books or accounts to any person's injury; and for false reports. For these offenses they are liable as for misdemeanor, and in damages to those injured. §§ 2067, 2068, 2338. For permitting corporate debts to exceed the paid in capital, they are individually liable for the excess. §§ 2337, 2350. A dissenting director entering his objection in writing is exempt. § 2338; L. 1903, Ch. 474.

Executive Committee. Not provided for by statute.

10. Officers.

A president, secretary and treasurer are prescribed, and such other officers as may be necessary, their duties, qualifications and compensation to be regulated by by-laws. §§ 2051, 2054. They are not to hold office more than two years. § 2055.

11. Principal Office.

Without any direct provisions on the subject, it is obvious that the statutes contemplate the maintenance of principal office within the State. §§ 2026, 2027.

12. Corporate Books.

What Required. The directors are to keep full and true records of their proceedings with an annual statement of receipts and disbursements incorporated therein. § 2056. A stock and transfer book are also mentioned (§ 2066), to show original and subsequent stockholders; their respective interests; amount paid on shares; transfers of stock, by and to whom made; also other transactions in which stockholders or creditors may have an interest. § 2057; L. 1903, Ch. 474.

Where Kept. No provision.

Examination of. The books required by statute are to be open to inspection of stockholders and creditors. §§ 2056, 2057.

13. Reports.

Every corporation must annually in the month of January publish a statement sworn to by its president and two of the directors, in or near the county of its principal office, showing amount of capital stock, existing liabilities and a list of the stockholders. §§ 2334, 2348; L. 1903, Ch. 474. Detailed tax returns are to be made to assessors. L. 1891, Ch. 174, pp. 322, 324.

Publication of notice of meeting for consolidation, etc., is required in Memphis, Knoxville or Nashville daily newspaper for sixty days. § 2045.

14. Foreign Corporations.

How Authorized to Do Business. Every foreign corporation desiring to own property or carry on business in the State must file in the office of the Secretary of State an authenticated copy of its charter and an abstract thereof in the office of the Register of each county in which it proposes to carry on business or own land. § 2546.

Fees for filing charter, \$20; for certified copy, \$20; for abstract of same, \$20. L. 1899, Ch. 2.

Penalties for Non-Compliance. Fines against offenders of from \$100 to \$500 in discretion of jury trying the case. § 2547. Contracts are not enforced by the courts. *Harris v. Co.*, 108 Tenn. 245.

Taxation. Privilege tax on foreign corporations whose main business is transacted outside of Tennessee, are as follows: On capital of \$100,000 and less, \$50; over \$100,000 and not more than \$250,000, \$100; over \$250,000 and not more than \$500,000, \$150; over \$500,000 and not more than \$1,000,000, \$200; over \$1,000,000, \$250. On cor-

porations operating mainly in Tennessee, one-tenth of one per cent. on authorized capital. L. 1903, Ch. 239. Local taxation, same as of domestic corporations, with same exemptions. §§ 2553, 2560, 2561; L. 1901, Ch. 174.

Books and Reports. Foreign corporations complying with the law become for all purposes domestic corporations. § 2548. Tax returns, same as of domestic corporations. L. 1901, Ch. 174, pp. 322, 324.

Attachments Against. In county where agent is not maintained, property may be attached on the sole ground that defendant is a foreign corporation, even though it has otherwise complied with the law. § 2549. Resident creditors are preferred. §2550.

15. Combinations and Monopolies.

Are provided against by civil and penal laws. §§ 3185-3191, 6622-6625; Const., Art. I, § 22. Any such agreements are declared void (§§ 3185, 6624); officers, agents or stockholders guilty of violations are deemed guilty of felony and punished by fine of from \$500 to \$5,000 and imprisonment from one to five years. §§ 3186, 6623. Joint and several liability of all persons and corporations concerned is provided. § 3187. Charter is also forfeited (§§ 3188, 6625), and persons injured may recover double damages. § 3190. Violation of statute may be pleaded in bar to any suit by the corporation. § 3189.

TEXAS.

1. Corporation Laws.*

Constitution. (1876.) Perpetuities and monopolies shall never be allowed. Art. I, § 26. Public ownership or interest in private corporations prohibited. Art. III, § 50; Art. XI, § 3. Private corporations may be created only by general laws. Art. XII, §§ 1, 2. No corporation shall issue stock or bonds except for labor done or money or property actually received and all fictitious increase of stock or indebtedness is void. Id., § 6. Every corporation must maintain an office in the State where transfers of stock must be made and books shall be kept with prescribed details, for inspection of stockholders. Art. X, § 3. (See § 12, "Corporate Books.") Attorney General to inquire into charter rights of all private corporations and take proper action to enjoin misuse, or to seek judicial forfeiture of charter. Art. IV, § 22.

Statutes. The corporation laws of Texas are found in the Civil Statutes of 1900 (Sayles), Title 21, with acts amendatory thereof in the Laws of 1901, 1903 and 1905. Chapters 1-5 and 18 contain general provisions, Chapter 17 refers to foreign corporations, and the intervening chapters treat specially of road, telegraph, canal, gas and water, religious, charitable, cemetery, bridge and ferry, surety, bond investment and other corporations. Carriers, express companies, insurance, mines and mining, and railroads also have special titles.

The objects for which corporations may be formed under the general law are enumerated and cover practically every form of lawful business. § 642.

2. Taxes and Fees.

Organization Expenses. To Secretary of State: On filing the charter, \$25 on authorized capital stock up to \$10,000, and an additional fee of \$5 for each additional \$10,000 or fraction thereof. L. 1905, Ch. 91. For copying, 15 cents per folio; for each official certificate, \$1. § 2439. Also proportional part of one year's franchise tax to May 1st next succeeding must be paid. § 5243i.

Franchise Tax. An annual franchise tax must be paid on stock issued and outstanding, as follows: \$1 on each \$2,000 or fraction thereof of capital stock up to \$100,000; \$1 thereafter on each \$10,000 or fraction of excess to \$1,000,000; and \$1 on each \$20,000 or part thereof in excess of \$1,000,000 up to \$10,000,000, and \$1 on each \$50,000 or fractional part thereof in excess of \$10,000,000. Minimum tax, \$10. § 5243i; L. 1905, Ch. 19. Franchise tax payable on May 1st. § 5243i.

* References, except as otherwise noted, are to the Civil Statutes of Texas (Sayles, 1900).

Local Taxation. Returns are to be sworn to by the secretary or equivalent officer. § 5084. Capital stock of domestic corporations is not taxed to the owners, but returns must be made of stock of foreign corporations. §§ 5076, 5077. Tax returns to be made between January 1st and June 1st, as required by the Assessor, of property held on January 1st. § 5066. A tax on gross receipts is imposed on a great number of industries by L. 1905, Chs. 148, 154.

General. Recording fee to Secretary of State is 15 cents per folio. Certifying charter, \$1. § 2437; L. 1905, Ch. 91. Same for copies. Id. For amendments, same fees as on incorporation. Id.

3. Incorporation.

Incorporators. Must be three or more. § 641. At least two must be residents of the State. § 644. Married women may be incorporators. Id. Corporations may be incorporators. § 642, subdiv. 49.

Charter. Must be subscribed and acknowledged by each of the incorporators, and must set forth (§ 643):

(1) Name of the corporation. Name similar to that of another corporation is not allowed.

(2) Purpose for which it is formed. Plurality of purposes permitted. § 642; L. 1901, Ch. 43, § 39.

(3) Place or places where business is to be transacted.

(4) Term for which it is to exist. May extend fifty years. If not stated in charter, term is limited to twenty years. § 651.

(5) Number of directors or trustees and names and residences of the appointees for the first year.

(6) Amount of capital stock, if any, and number of shares into which it is divided. No limitations.

Special charter clauses are provided for bridge and road companies. An affidavit must be attached to the charter showing that at least fifty per cent. of the authorized capital stock has been subscribed for and ten per cent. paid in, or in lieu of these requirements that at least \$100,000 of the capital stock has been subscribed and paid for in cash. § 642, subdiv. 56; L. 1901, Ch. 15.

Filing and Recording. The charter with affidavit attached and accompanied by the proper fees is filed and recorded in the office of the Secretary of State, who thereupon issues a certified copy of the charter which is competent evidence of the corporate existence. § 645.

4. Organization.

First Meetings. No special provisions. Meetings of stockholders must be held within the State. § 673.

By-Laws. May be adopted by the stockholders for the management of property, regulation of affairs, and transfer of stock. § 651,

subdiv. 6. They may also be adopted by the directors, subject to the superior authority of the stockholders. § 657.

Certificates. None required to show completed organization.

5. Corporate Existence.

When Commenced. On filing charter with Secretary of State (§ 646), and may extend fifty years. If period is not limited in charter, it extends twenty years. § 651, subdiv. 1.

Beginning Business. Business may not be commenced until either \$100,000 of the authorized capital stock has been paid in in cash, or fifty per cent. thereof has been subscribed and ten per cent. paid in. § 642, subdiv. 56; L. 1901, Ch. 15. Must be commenced within three years. § 681.

Renewal. Is allowed only for corporations not for profit. § 651. May be effected by re-incorporation.

Forfeiture of Charter. Occurs for failure to begin business within three years after filing charter, for misuse or non-user of franchises (§§ 681, 2900), or for violation of laws against combinations and monopolies. L. 1903, Ch. 94. On failure to pay annual franchise tax forfeiture may be effected by mere record thereof by Secretary of State. § 5243j. Members of a corporation whose charter has been forfeited, acting under the old name, are guilty of a misdemeanor. L. 1905, Ch. 139.

Dissolution. Voluntary dissolution may be had by application to court of competent jurisdiction. § 680.

6. Corporate Powers.

General. The usual common law powers are enumerated. § 651.

To Hold Property. This power is granted generally for corporate purposes and as to property taken as security or in payment of debts. § 651. All land held otherwise by any corporation must be conveyed within fifteen years after acquisition. § 749a-d. Companies formed expressly to do business in other states and countries can hold real estate in Texas only to the extent of office facilities. § 642, subdiv. 39; L. 1901, Ch. 43.

Its Own Stock. A corporation may purchase its own stock. *Howe, etc. Co. v. Jones*, 51 S. W. 24 (1899).

Stock of Other Corporations. Companies may be formed to promote and hold stock of manufacturing companies. § 642, subdiv. 49. But the Anti-Trust Law includes in its definition of prohibited monopolies and combinations, such direction of affairs of two or more corporations under the same management or control, and such acquiring by one corporation of the stock, bonds or franchises and properties of any other corporation as creates a trust or tends to lessen competition. L. 1903, Ch. 94.

To Borrow Money. Corporate indebtedness must at no time exceed authorized capital stock. Property and income may be pledged for loans. § 653.

To Do Business in Other States. There are special provisions for incorporating for the purpose of carrying on certain lines of business in any part of the world. § 642, 39; L. 1901, Ch. 43. All strictly corporate acts, such as stockholders' meetings, etc., must take place at the principal office in the State, but directors and agents may act in other states. *Co. v. Laigle*, 59 Tex. 339; *Beattie v. Hardy*, 93 Tex. 131 (1900).

Consolidation or Merger. Not permitted as to general corporations. *Bonnet v. First Nat. Bk.*, 60 S. W. 325 (1900); *Thayer v. Wathem*, 44 S. W. 906 (1897). Corporations may not enter into a contract of partnership. *Sabine Tram Co. v. Bancroft*, 40 S. W. 837. Bonds issued by one corporation for the benefit of another are *ultra vires* and void. *N. S. Ry. Co. v. Worthington*, 30 S. W. 1055 (1895).

Amendment of Charter. May be made on majority vote of stockholders; any such amendment to be filed and recorded as provided for original charter. § 647. Amendments must be germane to the original purposes. § 649. Secretary of State issues a certificate of filing. § 648.

7. Capital Stock.

Amount. Not prescribed but must be stated in charter. § 643.

Initial Payment. Must be either \$100,000 in cash, or ten per cent. of the total authorized capital stock, not less than fifty per cent. thereof being subscribed. § 642, 56; L. 1901, Ch. 15.

Consideration for Issue. Stock may not be issued except for money paid, labor done or property actually received. § 652; Const., Art. XII, § 6. Assessments may be made by the directors on thirty days' notice in the manner prescribed by the by-laws. §§ 667, 668.

Increase or Decrease. Increase of capital stock not exceeding double the amount of the authorized capital stock may be effected by a majority vote of the stockholders cast as prescribed by the by-laws, the certificate thereof to be filed and recorded as was original charter. § 652. No provisions as to decrease.

Classes of Stock. No general provisions.

Par Value of Shares. Not prescribed, but number of shares into which stock is divided must be stated in charter. § 643.

Stock Certificates. No provisions.

Transfer of Stock. Is made only on the books of the company in manner prescribed by the by-laws. § 666.

8. Stockholders.

Rights and Powers. The stockholders may make by-laws (§ 657) and control amendments to charter by majority vote. §§ 647, 652. One-third of the stockholders may require reports and payment of dividends. § 663.

Liability. The stockholders are liable only for unpaid subscriptions (§ 686), enforceable after execution against corporation is returned unsatisfied. §§ 671, 672, 684-686.

Meetings. Must be held within the State. § 673. Annual election may be regulated by by-laws. §§ 655-659. Notice and quorum should be prescribed by by-laws. Voting may be in person or by proxy.

9. Directors.

Number. Must be not less than three nor more than thirteen. § 651. May be changed by the stockholders within these limits by vote as prescribed by the by-laws. §§ 651, 658.

Qualifications. No statutory requirements.

Powers. The general management of the corporate affairs and property rests with the directors. § 661. By-laws may be adopted by them subject to control of stockholders. § 657. They fill vacancies on the board. § 655. They are trustees on dissolution unless a receiver is appointed by court. §§ 682, 683.

Liability. For declaring and paying any dividend when the corporation is insolvent or which would render it insolvent, the assenting directors are liable, jointly and severally, to the extent of such payment, for all corporate debts then existing or contracted while they respectively remain in office. Dissenting directors must file their objections in writing to exempt themselves from liability. § 670.

Meetings. No statutory provision. A majority is a quorum. § 655; *Leary v. Bank*, 63 S. W. 149 (1901).

Executive Committee. No provisions.

10. Officers.

A president, a secretary and a treasurer must be elected by the directors. The president must be a director. Any other necessary officers may be appointed. § 656.

11. Principal Office.

Must be maintained in the State, with an agent in charge upon whom service may be made. §§ 673, 1222; Const., Art. X, § 3. A charter may be granted permitting the transaction of business at home and abroad, but the principal office must be kept in Texas. *Beattie v. Hardy*, 93 Tex. 131 (1900).

12. Corporate Books.

What Required. Books must be kept, showing amount of stock subscribed, name of owners, amount owned by each, amounts paid in and by whom, and all transfers with dates; also the corporate assets and liabilities, and the names and residences of officers. Const., Art. X, § 3. The directors are charged with the duty of keeping records of stock subscribed and transferred and of all business transactions. § 662.

Where Kept. At the principal office in the State. Const., Art. X, § 3.

Examination of. On request of one-third of the stockholders the directors must report in writing the financial condition of the corporation and the amount of its business. § 663. Books and records are to be open to the inspection of stockholders at all reasonable times. § 662; Const., Art. X, § 3. The secretary or other officer in charge of the books must furnish to any creditor or his attorney, in action to enforce stockholders' liability, list of stockholders, with residences and amounts of holdings. § 672.

13. Reports.

None required for business corporations.

14. Foreign Corporations.

How Authorized to Do Business. Foreign corporations must file with the Secretary of State a certified copy of their articles of incorporation (§ 745), and Secretary of State thereupon issues permit for ten years. § 748. They must also furnish satisfactory proof that either \$100,000 in cash or fifty per cent. of their authorized capital stock has been subscribed and at least ten per cent. paid in before permit will issue. § 642, subdiv. 56; L. 1901, Ch. 15. Fees same as of domestic corporations. § 2439; L. 1905, Ch. 91. They must maintain an office in the State with an agent on whom process may be served. § 1222; Const., Art. X, § 3. No foreign corporation may construct or operate a railroad in the State of Texas without incorporating there. L. 1903, Ch. 65; Const., Art. X, § 6.

Penalties for Non-Compliance. Inability to sue in the State. § 746. On failure to pay annual franchise tax, the right to do business in the State is forfeited. § 5243j.

Taxation. An annual franchise tax is paid on authorized capital stock on or before May 1st of each year, as follows: \$1 on each \$1,000 or fractional part thereof up to \$100,000; \$1 on each \$5,000 or fractional part thereof in excess of \$100,000 up to \$1,000,000; \$1 for each \$20,000 or fractional part thereof in excess of \$1,000,000 up to \$10,000,000; \$1 for each \$50,000 or fractional part thereof over \$10,000,000. Minimum fee, \$25. § 5243i, amended by L. 1905, Ch. 19.

Books. Reports. No provisions.

(Texas)

Attachments Against. Lie on the ground of being a foreign corporation or acting as such. § 186.

15. Combinations and Monopolies.

A new Anti-Trust Law, defining and prohibiting trusts, monopolies and conspiracies, was adopted March 31, 1903 (Ch. 94), which reenacts and even extends the extreme provisions of the previous acts which it repeals. A fine is imposed of \$50 for each day of continued violation, also forfeiture of charter or right to do business, imprisonment of individual offenders from one to ten years, and fines and imprisonment of witnesses refusing to testify. This law was passed unanimously by the Senate and with only two nays in the House, to take effect immediately, the former law having been held unconstitutional.

UTAH.

1. Corporation Laws.*

Constitution. (1896.) Corporations may not be formed by special act but only under general laws. Art. XII, § 1. Public ownership or interest in railroads, telegraph companies or other private corporations forbidden. Art. VI, § 31. Stock is not to be issued except to *bona fide* subscribers, nor is any corporation to issue any bond or other obligation for the payment of money, except for money or property received or labor done. Art. XII, § 5. Fictitious increase of stock or indebtedness is void. Id. All corporations doing business in the State must have one or more places of business therein, an authorized agent upon whom process may be served, and certified copies of their articles of incorporation must be filed with the Secretary of State. Id., § 9. Blacklisting of employees is forbidden. Id., § 19. Trusts and combinations are prohibited. Id., § 20. Foreign corporations are not allowed to do business in the State upon more favorable terms than domestic corporations. Id., § 6. Consolidation of railroad companies owning competing lines prohibited. Id., § 13.

Statutes. The general corporation law is contained in Revised Statutes of 1898, Title 11, amended by Laws of 1899, 1901, 1903 and 1905. Under it, corporations may be formed for any purpose for which individuals may lawfully associate. § 314. Chapters 3 to 7 of Title 11 regulate banking, building and loan, insurance, trust, guaranty and railroad companies.

2. Taxes and Fees.

Organization Expenses. To Secretary of State: On filing articles of agreement, 25 cents on each \$1,000. For certificate of incorporation, \$5. § 965; L. 1905, Ch. 127. Recording, 20 cents per folio; copies, 15 cents per folio; affixing seal and certificate, \$1.

To County Clerk: For filing and indexing articles, \$2.50; recording, 20 cents per folio; approving and filing oaths and bonds of officers, 50 cents for each instrument. § 972; L. 1905, Ch. 73.

Franchise Tax. None imposed.

Local Taxation. Capital stock is not taxed when the property it represents is taxed. Const., Art. XIII, § 2.

Special regulations are provided as to assessment of net proceeds of mines. §§ 2566-2573; L. 1899, Ch. 68; Const., Art. XIII, § 4.

* References are to Revised Statutes of 1898, Title 11, except as otherwise stated.

General. To Secretary of State: For filing certificate of increase of capital stock and issuing certificate, 25 cents on each \$1,000; for filing certified copy of other amendments to articles and issuing certificate, \$5; for filing other papers, \$5.

Receiving and recording official bond, \$2; filing trade-mark, \$3; filing notice of appointment of agent, \$5. Copies of articles of incorporation, 15 cents per folio; certificate and seal, \$1. L. 1905, Ch. 127.

To County Clerk, for filing and indexing amendments, \$1.50. L. 1905, Ch. 73.

3. Incorporation.

Incorporators. Must be not less than five, one of whom must be a resident of the State. § 314; L. 1899, Ch. 52. They are liable for acts done and debts contracted before issuance of certificate of incorporation. *Long v. Bank*, 8 Utah 104.

Articles of Agreement. An agreement must be signed by each of the incorporators and acknowledged by at least three of them before the county clerk or a notary of the county in which the principal place of business has been or is to be established (§ 315, as amended by Laws of 1905, Ch. 22), stating:

(1) Name. Similarity of names forbidden. L. 1899, Ch. 52.

(2) Precinct or city where organized.

(3) Names and home addresses of incorporators.

(4) Duration, which must not be less than three nor more than one hundred years.

(5) Pursuit or business, specified in general terms.

(6) Place of general business.

(7) Amount of stock each party has subscribed.

(8) Par value of shares and limit of capitalization. Neither is prescribed by law.

(9) Number and kind of officers; their qualifications and term of office; time and manner of their election; removal and resignation, with the names of those to serve until the first general election; directors not to be less than three nor more than twenty-five.

(10) Number of directors necessary for quorum. Must not be less than one-fourth the entire number.

(11) Whether or not private property of stockholders is liable for corporate obligations.

(12) Such additional clauses as the incorporators deem necessary for conducting the business and for the future safety and welfare of the company. L. 1905, Ch. 22.

Where property is taken in exchange for stock subscribed for by the parties, the articles must set forth a description of the property and its fair cash value and be accompanied by an affidavit of three persons familiar with the property, that it is reasonably worth the par value of the stock received. § 316; L. 1905, Ch. 111. Mining and irrigation companies are exempt from this latter provision.

These articles of agreement can not be filed until 10 per cent. or more of the stock has been subscribed and paid in, when at least three of the incorporators must prepare an affidavit, which must be added to the articles, showing that business has been commenced or that it is their *bona fide* intention to organize and commence business under the agreement, and further that they verily believe that each party thereto has paid, or is able to and will pay the amount of his subscription. L. 1905, Ch. 111.

Filing and Recording. Within ten days after its execution, the agreement, affidavit of the incorporators, and oaths of office of officers named to serve till first election, must be filed and recorded in the office of the clerk of the county in which the general business is to be conducted (§§ 317, 318), who thereupon issues a certificate of such filing under seal. This, together with a copy of the agreement, affidavit and oaths, is filed with the Secretary of State who thereupon issues a certificate of incorporation under the Great Seal of the State. § 319.

4. Organization.

First Meetings. No special provisions. No statutory authority for holding meetings without the State. Officers and directors to serve till the first general election are named in the agreement.

By-Laws. May be made by the stockholders at general meeting or by the directors. § 322; L. 1905, Ch. 131. The laws of 1905 omit the provisions which made by-laws passed by directors subject to approval of stockholders.

Certificates. Officers must take and subscribe oath of office which is filed with County Clerk. §§ 317-319; L. 1905, Ch. 73. No other certificates required to show completed organization.

5. Corporate Existence.

When Commenced. On issuance of certificate of incorporation by Secretary of State. § 319. Must continue not less than three nor more than one hundred years. § 315; L. 1905, Ch. 22. Continues for purpose of winding up affairs after expiration or forfeiture. § 323.

Beginning Business. May be commenced as soon as 10 per cent. of the capital stock has been subscribed and paid in. § 316; L. 1905, Ch. 111. Must be commenced within two years. § 321.

Renewal. No statutory provisions.

Forfeiture of Charter. Occurs upon non-user for two years. § 321. Quo warranto lies for non-user or misuse. §§ 3610, 3611-3620.

Franchise is revoked if corporation refuses to withdraw from illegal pool or trust within 30 days after notice by Secretary of State. §§ 1758, 1759.

Dissolution. May be had on application to the district court where principal office is located, showing vote of two-thirds of stock in favor thereof, and that corporate obligations have been extinguished. §§ 3661-3667.

6. Corporate Powers.

General. The usual common law powers are enumerated in § 322; L. 1905, Ch. 131.

To Hold Property. No limitation on power to hold personalty, and practically none as to realty, for a corporation may hold "such real estate as may be necessary, useful or desirable for it to own, use or dispose of for its purposes." § 322; L. 1905, Ch. 131. Special power is given to mining companies when dealing in mineral lands. *Id.*; *Hearst v. Mining Co.*, 28 Utah 184 (1905).

Its Own Stock. If sold for delinquent assessment, and no bidder is found who will pay the amount due, the corporation may purchase it at that price and so enter it on the books. § 367. It is held as treasury stock and must be disposed of as expressly provided for in the by-laws or, in default of such provision, by the directors, for the best interests of the corporation. § 368; L. 1903, Ch. 94.

Stock of Other Corporations. It is a misdemeanor for directors to give stock, notes, bonds or other evidences of debt of their corporation for the stock, bonds or pledges of another corporation. § 4411; *Bear River Co. v. Hanley*, 15 Utah 506. Irrigation companies may hold stock in other irrigation companies if so provided in original or amended articles of agreement. L. 1905, Ch. 108, § 57.

To Borrow Money. The capital stock must not be diminished to an amount less than 50 per cent. in excess of corporate indebtedness. § 338; L. 1905, Ch. 131. Corporations must not issue bonds or other obligations except for money, labor or property, and fictitious increase of indebtedness is void. Const., Art. XII, § 5.

To Do Business in Other States. When so provided in the articles of incorporation, meetings of the board of directors may be held, for the transaction of any business of the corporation, at such place without the State as the directors may by resolution or by-law provide. § 324; L. 1903, Ch. 94.

Consolidation or Merger. Is permitted between domestic corporations of the same kind engaged in the same general business in the same vicinity, by a majority vote of the outstanding stock of each corporation, at a meeting called for that purpose on thirty days' published notice. It may be effectuated through simple merger or by the formation of a new corporation to take over the combined franchises and property. §§ 340, 341; L. 1905, Ch. 131.

Consolidation of competing railroads is prohibited. Const., Art. XII, § 13.

Amendment of Charter. Articles of incorporation may be amended in any respect, conformable to law, by majority vote of the outstanding stock at meeting duly notified by publication for that purpose. The original purpose of the corporation may not be changed unless all the stockholders consent. Adding to purposes or extending powers is not such a change. § 338. Unanimous consent of the stockholders is required to impose liability on full paid stock. *Id.* Amendments must be duly certified and filed and recorded as were the original articles. § 339; L. 1903, Ch. 94.

7. Capital Stock.

Amount. No limitations.

Initial Payment. Ten per cent. of authorized capital. § 316; L. 1905, Ch. 111.

Consideration for Issue. May be money or property, but, if latter, rigid affidavits are required to show good faith. § 316; L. 1905, Ch. 111. If property taken in payment of a subscription is worthless, the subscriber making such payment is liable for any deficiency. *Hardware Co. v. Milling Co.*, 13 Utah 423. Stock may not be issued except to *bona fide* subscribers or their assignees. Fictitious issues are void. Const., Art. XII, § 5.

Assessments may not be made on full paid stock for any purpose unless so provided in articles of agreement (§ 354), and no amendment to make it assessable may be made except by unanimous consent of stockholders. § 338. Until fully paid the directors may levy assessments for corporate purposes as articles prescribe or, if no provision has been made, the law contains minute directions for assessments and sale of stock on default. §§ 355-373; L. 1905, Ch. 27.

Increase or Decrease. Of capital stock may be effected by amendment of articles of agreement. No decrease may reduce the amount to less than 50 per cent. in excess of indebtedness. § 338; Const., Art. XII, § 5.

Classes of Stock. May be provided for by articles of incorporation on terms and with voting power as therein prescribed. § 335; L. 1903, Ch. 59.

Par Value of Shares. Not prescribed.

Stock Certificates. No provisions.

Transfer of Stock. May be made by endorsement and delivery, but corporation may treat stockholder of record as privileged to vote and receive dividend till transfer is entered on books of the company, or new certificate is issued.

8. Stockholders.

Rights and Powers. Majority vote may amend charter or effect consolidation. L. 1905, Chs. 30, 131. Two-thirds may dissolve.

§ 3662. Two may call elections, when not held within three months after date provided. § 326. A majority may remove a director—unless otherwise provided in articles or by-laws—at a meeting, which may be called by stockholders owning one-half of the stock, if directors refuse to act. § 327; L. 1903, Ch. 94; *Fish v. Patton*, 7 Utah 400. Unless otherwise provided by the articles of incorporation, a majority vote of the stockholders is necessary to dispose of mining property and other real estate. § 322; L. 1905, Ch. 131.

Liability. Unpaid stock is liable for corporate debts; any further liability must be expressly prescribed in the articles of incorporation, or by subsequent amendment by unanimous consent of the stockholders. §§ 331, 338, 354; *Crofoot v. Thatcher*, 19 Utah 212 (1899); *Hardware Co. v. Milling Co.*, 13 Utah 423.

Actions to enforce liability must be brought within three years after discovery of the facts. § 2897.

Meetings. Stockholders' meetings must be held within the State. Unless required by articles of agreement or by-laws, no notice need be given of annual or stated meetings of the stockholders. § 334. Special meetings, unless otherwise provided in articles or by-laws, may be called by the president, by any three directors, or by stockholders owning not less than one-third of the stock, on personal notice of five days, or by publication in a daily newspaper having general circulation in the county in which the principal place of business is located, for two weeks; or in a weekly paper for three weeks. § 334.

Quorum. Articles of incorporation or by-laws may provide for this, and for adjournments until quorum is obtained, but in the absence of provision, whatever amount of stock is represented at a meeting may act by a majority vote. § 336.

Voting. Unless otherwise provided by articles, each stockholder has one vote for each share; voting by proxy is permitted. L. 1903, Ch. 59. Whenever any portion of its stock is held by a corporation, a majority of the remaining stock is a majority of the stock for all voting purposes. § 337.

9. Directors.

Number. Must be not less than three nor more than twenty-five. § 315. They may be removed by a majority vote of the stock. § 327; L. 1903, Ch. 94. They may be classified, one-third to be elected annually. § 315; L. 1905, Ch. 22.

Qualifications. They must all be stockholders and at least one a resident of the State. § 324. They must take oath of office. § 317. In corporations with franchises in two or more states, or engaged in interstate commerce, no directors need be residents or stockholders, unless expressly required by the articles of incorporation. § 324; L. 1903, Ch. 94. Compensation can not be recovered without agreement therefor. *Pyper v. Ass'n*, 20 Utah 9 (1899).

Powers. They may make by-laws if authorized by stockholders. § 322; L. 1905, Ch. 131. They may fill vacancies on the board. § 327.

Liability. There are penal provisions against misconduct of directors and officers. §§ 4408-4422. Also quo warranto proceedings. §§ 3609-3626.

Meetings. Must be held at the principal office in the State unless the articles of incorporation prescribe otherwise. § 324; L. 1903, Ch. 94. All meetings are presumed to be regular and an emergency may obviate the necessity of notice. *Singer v. Co.*, 17 Utah 143; *Leavitt v. Co.*, 3 Utah 265. Number necessary to a quorum is to be prescribed in articles of incorporation, but must be at least one-fourth of the entire board. § 315.

Executive Committee. Not specifically provided for by law, but may undoubtedly be provided for in articles of incorporation. § 315.

10. Officers.

General. The officers, their qualifications and terms of office, time and manner of election, and method of removal or of resignation are to be designated in the articles of incorporation. § 315; L. 1905, Ch. 22.

Refusal on the part of officers to allow stockholders to inspect or take extracts from books is a misdemeanor. § 4415. Other offences, such as false statements, illegal dividends, etc., are provided against by Penal Code, §§ 1756, 4064, 4065, 4375, 4408-4422.

11. Principal Office.

Corporation must maintain an office in the State. Const., Art. XII, § 9; L. 1903, Ch. 94. Its place may be changed by regular amendment, but when such change is from one county to another, the Secretary of State, in addition to issuing certificate of such amendment issues also a certified copy of the articles of incorporation, which is then recorded in the office of the clerk of the county to which it is moved. § 339; L. 1903, Ch. 94.

12. Corporate Books.

What Required. Every corporation must keep true and correct books of its proceedings and business. § 328. These must show the original stockholders, their interests, the amount paid on their shares, and all transfers thereof. § 329.

Where Kept. At the principal office in the State. § 339; L. 1903, Ch. 94.

Examination of. All books of any corporation shall, at all reasonable hours, be subject to the inspection of any *bona fide* stockholder of record (§ 329), who may also take copies or extracts. § 4415.

13. Reports.

Assessors may require from the president, secretary, cashier or managing agent report of corporate condition on the second Monday

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in January. Form given in L. 1905, Ch. 125. No other reports are required except for corporations engaged in banking or insurance. §§ 388, 398, 408, 430.

14. Foreign Corporations.

How Authorized to Do Business. Must file with Secretary of State and Clerk of the county where principal office in State is located: (1) Certified copy of articles of charter, and by-laws, and all amendments to same. (2) A copy of resolution of board of directors certified by the president and secretary under the corporate seal, accepting constitutional provisions. (3) Designation of agent resident in county of principal office to receive service of process. § 351.

Foreign corporations shall not be allowed to transact business on more favorable terms than domestic companies. Const., Art. XII, § 6; Hiskey v. Building Co., 27 Utah 409.

Fees as for domestic corporations and \$25 additional; and for issuing certificate of compliance, \$5; for filing appointment of agent, \$5. L. 1905, Ch. 127; Booth & Co. v. Wiegand, 28 Utah 372 (1905).

Penalties for Non-Compliance. Failure to comply with the statutory requirements entails denial of the benefits of the corporation laws of the State. It also renders the resident agent of the corporation personally liable for all corporate debts, and exposes him to the penalties of a misdemeanor. § 352.

Taxation. Foreign corporations are taxed on their capital stock, after deducting the value of any property represented by such stock which is taxed in the State. Comm. Nat. Bk. v. Chambers, 21 Utah 324.

Books. No statutory provisions.

Reports. None required.

Attachments Against. Foreign corporations are subject to the same penal provisions applicable to domestic corporations. §§ 4408-4422.

15. Combinations and Monopolies.

Are provided against (§§ 1752-1762), with penalties of fines from \$100 to \$2,000 for first offence; \$500 to \$5,000 for second offence; \$5,000 to \$10,000 for third offence; \$15,000 for every subsequent offence. § 1755. Officers are punished by fine, \$100 to \$1,000, and imprisonment, not to exceed one year in county jail, or both. § 1756. Contracts are made void (§ 1757), and corporate rights and franchises are forfeited, after thirty days' notice from the Secretary of State to withdraw from the combination, by action brought by Attorney General. §§ 1758-1760. They are also liable in treble damages to persons injured. § 1761; Const., Art. XII, § 20.

VERMONT.

Enactments of 1906.

1. Corporation Laws.

Statutes. Section 3704 of Vermont Statutes (1894) is amended so as to include telegraph and telephone companies and companies to deal in real estate, among the corporations which may be formed under the general law. L. 1906, Act No. 116.

2. Taxes and Fees.

Franchise Tax. Section 51 of Act No. 20, L. 1902, is amended as follows:

All domestic corporations failing to file annual license tax returns and to pay their annual license taxes on or before the first day of April in each year, shall cease to exist on that date. The Secretary of State shall keep a record of all corporations complying with the requirements as to payment of franchise tax and his certificate that the name of any corporation is not on such record shall be prima facie evidence that such corporation has ceased to exist. L. 1906, Act No. 36, §§ 8-24.

The provisions of this act are very stringent and the dissolution of delinquent corporations is effected by the mere fact of delinquency without legal procedure, though the act provides that any stockholder, creditor or the Commissioner of State Taxes may apply for a receiver to wind up its affairs.

4. Organization.

First Meetings. "The payment of the charter tax on or before the first day of March in any year, shall extend the time one year from such day in which a corporation may organize under its charter, notwithstanding a time limit may be fixed in such charter for its organization." L. 1906, Act No. 38.

14. Foreign Corporations.

General. A foreign corporation authorized to do business in the State, shall file a certificate when it ceases to do business in the State and shall pay its annual taxes up to the time of such filing.

A foreign corporation may change its principal office in the state by a statement in writing under the corporate seal.

A foreign corporation changing its name shall within fifteen days file statement of such change with the Secretary of State and Commissioner of State Taxes.

A foreign corporation failing to designate an agent on whom process and notice may be served, within thirty days after the death or removal from State of a previous agent, may be punished by the revocation of its certificate to do business. L. 1906, Act No. 36, §§ 3-7.

Penalties for Non-Compliance. A foreign corporation carrying on

VERMONT.

business within the State without a certificate or after such certificate is revoked, or failing to pay its annual license tax on or before thirty days from the date when it is payable, may be enjoined from doing business in the State. L. 1906, Act No. 36, § 1.

Taxation. A foreign corporation within ten days after registration must file its annual license tax returns and pay the pro rata proportion of the tax for the unexpired portion of the current year, and also the tax due for any previous time during which it did business in the State. L. 1906, Act No. 36, § 2.

16. General Provisions.

Corporations are required to pay wages weekly, in cash, after June 1st, 1907. L. 1906, Act No. 117.

VERMONT.

1. Corporation Laws.*

Constitution. (1793 and amendments to 1904.) Charters of incorporation may be granted by legislature. Ch. II, § 9.

Statutes. The law of private corporations is found in the Vermont Statutes, 1894, Title 25, Chapters 164 and 165, and amendments to 1905. Corporations may be formed under the general law for any object or business not repugnant to public policy or the laws of the State, excepting telegraph, telephone, express, banking, insurance, railroad, trust, savings, loan or real estate companies (§ 3704), all of which have special provisions in Titles 21, 24, 26-28. Taxation of corporations is treated of in L. 1902, Ch. 20, amended and supplemented by L. 1904, Ch. 29.

2. Taxes and Fees.

Organization Expenses. Organization tax to Secretary of State: On capital stock not exceeding \$5,000, \$10; over \$5,000 and not exceeding \$10,000, \$25; over \$10,000 and not exceeding \$50,000, \$50; over \$50,000 and not exceeding \$200,000, \$100; over \$200,000 and not exceeding \$500,000, \$200; over \$500,000 and not exceeding \$1,000,000, \$300; over \$1,000,000, \$500, and practically the same fees on introducing bill for legislative charter. L. 1898, Ch. 19. *Pro rata* amount of franchise tax for year must be paid. L. 1902, Ch. 20, § 51. For recording and copies, 7 cents per folio to any officer. § 5414.

Franchise Tax. An annual franchise or license tax is imposed of \$10 on first \$50,000 or less of capital stock, and \$5 on every additional \$50,000; maximum tax, \$50. This is payable on or before March 1st. After March 1st penalty of 25 per cent. is added. After April 1st, 50 per cent. L. 1902, Ch. 20, §§ 47-50.

Local Taxation. Shares of stock are listed by the stockholders but are not taxed, except when the value of the stock exceeds the value of the property it represents, which latter is assessed to the corporation. § 383. The corporation must pay the tax for non-resident shareholders and charge same against their stock and dividends. § 379. Manufacturing plants, etc., are exempt from taxation for ten years from commencing business, if the town so votes. § 365; L. 1898, Ch. 14.

General. On increase of capital stock, same fee is paid as on original organization. L. 1900, Ch. 15.

* Sections given, unless otherwise referred, are of Vermont Statutes, 1894.

3. Incorporation.

Incorporators. Must be five or more persons of lawful age. § 3704. No direct requirements as to residence of incorporators, but at least two directors must be residents of the State. § 3717.

Articles of Association. Must be in form set out in the statute (§ 3707), be signed by the incorporators and set forth (§ 3705):

(1) Name of the corporation. Any name may be assumed which is not in use by another corporation. § 3705. May be changed by two-thirds vote of the stock, and certificate thereof filed and recorded as in case of increase or decrease of capital stock. § 3734.

(2) Object or objects for which established.

(3) Place in which business is to be carried on.

(4) Amount of capital stock. This must not be less than \$500 nor more than \$1,000,000. § 3728.

(5) Names and post-office addresses of incorporators.

Filing and Recording. The articles of association with incorporation fees are submitted to the Secretary of State, who may refer them to a judge of the Supreme Court. § 3704. If found proper, he records them and returns a certified copy which is recorded in the office of the clerk of the town in which the principal place of business is to be located. § 3706.

4. Organization.

First Meetings. First meeting of stockholders may be called by any three of the associates by notice served personally or by mail at least seven days before the meeting. But notice may be waived if all are present or agree thereto in writing as shown by the records. § 3708. A temporary clerk is chosen by ballot, by-laws are adopted, and election of a permanent clerk and of directors, and any other officers to be elected by the stockholders is proceeded with in accordance with the by-laws. § 3709.

By-Laws. May be adopted at the first meeting or adjournment thereof, to fix times and places of meetings and manner of calling and conducting same; regulating the number of officers, the manner of choosing them, their tenure of office, and their powers and duties. § 3710. By-laws should provide for the manner of levying assessments on stock and sale of shares for non-payment. § 3691.

Certificates. Before the corporation may commence business a certificate of capital actually paid in must be sworn to by the president or clerk and directors, and be filed in the office of the Secretary of State, and a certified copy thereof in the office of the town clerk where corporation is located. §§ 3678, 3722. Within ten days after organization the corporation must file annual license tax return and pay proportionate license tax for the unexpired portion of the year

commencing February 1st next preceding, each fraction of a month being treated as a whole month. L. 1902, Ch. 20, § 51.

5. Corporate Existence.

When Commenced. On recording of articles of association with payment of fees. § 3706. It is perpetual, unless limited by charter. § 3719. Continues three years after expiration or annulment for the purpose of winding up affairs. § 3699.

Beginning Business. May not be commenced until the president or clerk and directors shall make a certificate under oath stating the amount of capital actually paid in (§§ 3678, 3722), and one-fourth of the capital stock must be paid in cash or property before the company contracts debts. § 3724.

Renewal. No provisions for renewal, the law contemplating perpetual existence. § 3719.

Forfeiture of Charter. Is decreed on failure to pay annual license tax. L. 1902, Ch. 20, §56; L. 1904, Ch. 90.

Dissolution. May be voted at any legal meeting called for that purpose, and is then accomplished by application to court (§§ 3735-3742), and filing of certified copy of decree in office of Secretary of State. § 3739. Voluntary dissolution to avoid payment of annual license tax may be effected by filing with Secretary of State and Commissioner of State Taxes a statement sworn to by the secretary and treasurer or any two directors, stating that all debts have been paid and that the corporation owns no property in the State. L. 1902, Ch. 20, § 57.

6. Corporate Powers.

General. General powers are enumerated. §§ 3719-3721.

To Hold Property. This power is granted to the extent of property necessary for corporate purposes and that taken in payment of debts. § 3720. Property in excess thereof must be sold within five years after acquiring same. § 3721.

Its Own Stock. The corporation has a lien on the shares of stockholders for debts owing by them. § 3727.

Stock of Other Corporations. No special provisions.

To Borrow Money. No debts may be contracted until one-fourth of the capital is paid in, nor may they at any time exceed in amount two-thirds of the capital stock actually paid in. § 3724. This applies only to corporations organized under general law. *E. E. Rice Co. v. Kennedy*, 76 Vt. 380; *Buck v. Troy, etc. Co.*, 76 Vt. 75.

To Do Business in Other States. No direct provision. The requirement that the clerk's office with all records is to be maintained in the State (§§ 3680, 3712) and at least two directors must be residents (§ 3717), contains an implied permission.

Consolidation or Merger. No provisions.

Amendment of Charter. Is provided for only under special subjects, such as increase or decrease of capital stock, change of name, and change of domicile; two-thirds vote required for each, and filing of certificate in the same manner as of original articles. §§ 3729-3731, 3734; L. 1898, Ch. 68. In same manner but by unanimous vote, the business set forth in the articles of association may also be added to or changed. L. 1904, Ch. 89.

7. Capital Stock.

Amount. Must be not less than \$500 nor more than \$1,000,000. § 3728.

Initial Payment. Must be one-fourth of the amount of the capital stock. § 3724.

Consideration for Issue. May be money or property necessary for the corporate business, and stock so issued shall be full paid stock and not liable to further call. § 3724.

Thirty days' notice of opening subscription books is published. § 3690. Manner of levying and enforcing assessments is to be provided for in by-laws (§ 3691), except that sales shall be made at the office of the clerk of the corporation in the State, on three weeks' publication in a daily or weekly newspaper. § 3692.

Increase or Decrease. If a corporation increases its capital stock, a certificate thereof signed and sworn to by the president and clerk, must be filed with the Secretary of State and recorded, and a certified copy is filed and recorded in the town clerk's office. § 3729. Reduction may be made at a meeting of the stockholders warned for that purpose, by a two-thirds vote of the stock. But no reduction may be had so that the amount of the corporate debts exceed two-thirds of the capital so reduced, nor so as to effect any liability. § 3730. Certificate filed and recorded as in case of increase. § 3731.

Classes of Stock. No provisions.

Par Value of Shares. Must not exceed \$100 each. § 3728.

Stock Certificates. Are not prescribed as to form or contents. Issuance of new certificates for lost ones is provided for in detail. §§ 3696-3698.

Transfer of Stock. Must be made on the corporation books. §§ 3688, 3689.

8. Stockholders.

Rights and Powers. The stockholders have the usual powers, including the adoption of by-laws (§ 3710) and amendments of charter by two-thirds vote. §§ 3729-3731, 3734. One-twentieth of the stock may compel meetings. § 3711.

Liability. The stockholders are liable for corporate debts to the extent of the amount unpaid on their stock. § 3725; Dauchy v. Brown, 24 Vt. 197. Also for capital stock improperly withdrawn. § 3726.

Meetings. The time, place and manner of calling and conducting meetings are to be regulated by the by-laws. § 3710. If annual meeting is not held regularly, one-twentieth of the issued stock may apply in writing to justice of the peace for warrant to call same. § 3711. A majority of the stock is a quorum, and each share entitles the holder to a vote, which may be cast in person or by written proxy duly filed with the clerk. § 3718.

9. Directors.

Number. Must be not less than three. § 3717.

Qualifications. Directors must be stockholders (§ 3677) and at least two must be residents of the State. § 3717.

Powers. They have the usual powers. § 3717. They may fill a vacancy in the office of the clerk of the corporation until next election. § 3712. So also any vacancies in the board. § 3717.

Liability. For declaring and paying dividends when company is insolvent or which render it insolvent, assenting directors are jointly and severally liable for corporate debts due at the time such dividend is made. § 3723. For permitting corporate debts to exceed two-thirds of the capital stock actually paid in, the assenting directors are liable for such excess. § 3724; Davenport v. Newton, 42 Atl. 1087. (See "Liability," under § 10.)

Meetings. To be regulated by by-laws. § 3710. A majority is a quorum. § 3718.

Executive Committee. May be provided for in by-laws. Roebing's Son v. Barre, 76 Vt. 131.

10. Officers.

General. A president is to be elected by the directors out of their number. § 3717. A clerk must be elected annually by the stockholders, unless otherwise prescribed by the by-laws, who must be an inhabitant of the State and keep his office therein. § 3712. He is to record all votes of stockholders or members and directors and all proceedings, and is to keep records of all instruments and papers. § 3713. "Clerk" is defined to mean secretary or any recording officer. § 3676. (See also "Corporate Books," § 12.) A treasurer is prescribed for moneyed corporations. § 3684. There is a penalty of \$50 for neglecting to have a clerk in the State for a period of six months. § 3680. No officer of a private corporation shall receive a salary unless the same is voted and the amount thereof fixed by the directors. § 3685.

Liability. Any officer refusing or neglecting for three days after any proper demand, and tender of fees therefor, to furnish certified

copy of any record, account or paper in his custody, is liable in fine not exceeding \$1,000. § 3716. There is also a penalty laid on the clerk for refusing to exhibit by-laws or records, of \$10 for every twenty-four hours of continued refusal. §§ 3681, 3682. For debts contracted before filing certificate of payment of capital stock, the president and directors become personally liable. § 3722. For refusing to make tax returns there is a fine not exceeding \$5,000. §§ 382, 384.

11. Principal Office.

Every corporation must have a clerk who must be and continue a resident of the State and keep his office therein. §§ 3712, 3733, 3680. Location may be changed by procedure as on change of name, a certified copy of the articles of association and of the certificate of vote to be recorded in the town clerk's office of the town to which the corporation removes. L. 1898, Ch. 68.

12. Corporate Books.

What Required. By-laws and records are to be kept by the clerk (§ 3681) of all corporate action (§ 3683), votes and proceedings of stockholders or members and directors, or other officers; of all instruments and papers (§ 3713); also of all shares of capital stock by number, and of the names of owners, with number and designation of shares held by each. § 3683. A stock book is further prescribed, to contain a record of the articles of association, names of stockholders, places of residence, number of shares held by each, amount actually paid on each, time of acquiring same, and transfers. § 3733.

Where Kept. In the custody of the clerk at his office in the State. §§ 3680, 3681, 3712, 3713, 3733.

Examination of. The by-laws and corporate records must be exhibited to stockholders at reasonable times and certified copies furnished on request, with tender of reasonable compensation, under penalties for refusal. §§ 3681, 3682, 3714-3716, 3733. (See "Liability," under § 10.) Agent or attorney of stockholder may demand examination. § 3681. Stock book must be open during usual business hours. § 3733.

13. Reports.

Returns for annual license tax are prepared in triplicate on forms furnished by Tax Commissioner and are filed on or before March 1st of each year, one copy with State Treasurer and one with State Tax Commissioner, one copy being retained by corporation. L. 1902, Ch. 20, §§ 3-5; L. 1904, Ch. 29, § 1. Other tax returns are required to be filed on or before April 15th of each year with the clerk of each town in which any shareholders reside, containing a list of such shareholders, with the number of shares standing in their names respectively as of April 1st, and the amount paid in on each share. Also a list of all the shareholders, with the same facts, with the clerk of

the town in which the principal place of business is located. § 380. Penalty for not filing tax returns is fine of not more than \$5,000. § 384.

14. Foreign Corporations.

How Authorized to Do Business. No foreign corporation (except railroad and insurance companies which are under different regulations) shall do business in the State without first procuring from the Secretary of State a certificate that it has complied with the requirements of the law (L. 1902, Ch. 20, § 59); and before such certificate is granted it must file in the office of the Secretary of State and of the Commissioner of State Taxes a sworn copy in the English language of its charter or certificate of incorporation, and a statement under its corporate seal, setting forth the business it is engaged in, or which it proposes to carry on in the State, and the place within the State which is to be its principal place of business, with a person residing in the State on whom process may be served. Id., § 62. Within ten days after the date of its registration in the State it must file its annual license tax returns, and pay the *pro rata* share of such tax for the unexpired portion of the then current year. Id., § 52. Also a fee of \$2 to Secretary of State and to Commissioner of State Taxes. Id., § 64.

Penalties for Non-Compliance. Inability to sue in the State on any contract made therein, and service may be made against it on the Secretary of State. L. 1902, Ch. 20, §§ 61, 63. By non-payment of annual license tax by May 1st, it forfeits its right to sue in the State (Id., § 55), and may be enjoined from doing business and its right to do so annulled. L. 1904, Ch. 29, §§ 16-19.

Taxation. Same annual license tax is paid as by domestic corporations. L. 1902, Ch. 20, § 47.

Books. No provisions.

Reports. Same tax returns as required of domestic corporations. L. 1902, Ch. 20, §§ 3-5.

Attachments Against. No special provisions.

15. Combinations and Monopolies.

No provisions.

VIRGINIA.

1. Corporation Laws.*

Constitution. (1902.) Corporations may be created only under general laws. § 154. State Corporation Commission provided for (§ 155), to control issue of charters; also licensing of foreign corporations. § 156a. Annual registration fee for both foreign and domestic corporations to be fixed at not less than \$5 nor more than \$25, and failure to pay same or to make annual report for two successive years to operate as forfeiture of charter ninety days after end of second year. § 157. Tax may be imposed on franchises, in which case, and whenever all the capital of a corporation shall be taxed, its shares shall be exempt. § 170. Laws to be enacted preventing all trusts, combinations and monopolies, inimical to public welfare. § 165. Issue of stock and bonds to be regulated by legislature and statement of the plan of issue in every case to be filed with State Corporation Commission. § 167.

Statutes. The general corporation law is contained in the Laws of 1902-3-4, Ch. 270. Of this Act, Sub-chapters I and V contain general provisions, Sub-chapter II treats of railroad companies, Sub-chapter III of telegraph, telephone, canal, turnpike and similar corporations, and Sub-chapter IV of educational, literary, cemetery and other corporations of the same class. Foreign corporations are provided for by Chapter 242; taxation and fees by Chapter 148; while the exercise of the power of eminent domain and public service corporations are regulated by Chapters 608, 609. Chapter 147 provides for State Corporation Commission.

Under the general provisions corporations may be formed for any lawful business not involving the exercise of the power of eminent domain. § 1.

2. Taxes and Fees.

Organization Expenses. Fees paid into the State Treasury, on obtaining charter: On capital stock of \$50,000 or less, \$10; over \$50,000 and less than \$1,000,000, 20 cents for each \$1,000 or fraction; \$1,000,000 or more, \$600. Ch. 148, § 38.

Secretary of State and clerks of courts are to receive double the amount of fees required for similar service in regard to deeds. Sub-ch. V, § 56. Under this provision fees are as follows: For recording each page of application, certificate or articles of association, 50 cents;

* References, unless otherwise stated, are to Virginia Laws, 1902-3-4, and to Chapter 270 when chapter is not specified.

VIRGINIA.*

Enactments of 1906.

2. Taxes and Fees.

Registration Fee. Section 41 of Chapter 148, Laws of 1903, is amended by the addition of a provision that the Clerk of the Stock Corporation Commission shall, on or before February 15th of each year, send certified copy of corporation assessments to the Auditor of Public Accounts and to each corporation assessed. The requirement that certificate of registration must be given to the corporation upon paying its registration fee, is omitted. L. 1906, Ch. 294, p. 516.

5. Corporate Existence.

Dissolution. Section 30 of Sub-ch. V is amended by the omission of the requirement that a meeting for dissolution must be held between 10 A. M. and 3 P. M. of the day named. The provisions of the statutes as to dissolution are also extended to any corporation organized under act or under any charter granted by any court or by the present assembly. Existence after expiration by limitation or dissolution is to continue for such time, not exceeding three years, as may be necessary to enable directors to close up corporate affairs. Corporation so dissolved may be revived by prescribed procedure at any time within three years, if not in the hands of a receiver or disabled by disposition of essential property. L. 1906, Ch. 327, p. 576.

8. Stockholders.

Meetings. Section 7 of Sub-ch. V is amended as follows: In all cases, unless other notice be provided in the charter, etc., or by the stockholders in meeting, or by some provision of this act, notice in writing of the time and place of such meeting, whether annual or not, shall be given to each stockholder in person, or by publication at least six times a week for two successive weeks, or once a week for four successive weeks. L. 1906, Ch. 17, p. 13.

13. Reports.

Annual Report. Section 39 of Sub-ch. V is amended as follows: The annual report must be signed by president or one of the vice-presidents and the secretary and must be filed within thirty days after the time appointed for the annual meeting. L. 1906, Ch. 17, p. 13.

14. Foreign Corporations.

Taxation.† Foreign corporations pay the same corporation fees

* References, unless otherwise stated, are to Chapter 270 of Virginia Laws, 1903.

† The above correction of the text of Overland's Classified Laws is made through the courtesy of Hon. Beverley T. Crump, Chairman of the State Corporation Commission of Virginia.

VIRGINIA.

as domestic corporations but do not pay the franchise tax (see text Overland's Classified Laws, p. 421) which is assessed against domestic corporations only. The special franchise taxes or occupation taxes referred to in the text (p. 421) are assessed on particular businesses and apply to foreign and domestic corporations alike, if engaged in the particular business to which the taxes pertain.

minimum fee, \$1.50; for certificate of record, \$1.50. Ch. 503. A fee of \$1 is also payable to the Clerk of the State Corporation Commission for affixing seal to the order of the Commission. To clerks of courts on filing power of attorney, 25 cents. Sub-ch. V, § 14.

Franchise Tax. Payable on or before March 1st of each year: On maximum capital stock of \$25,000 or under, \$10; over \$25,000 and not exceeding \$50,000, \$20; over \$50,000 and not exceeding \$100,000, \$40; over \$100,000 and not exceeding \$300,000, \$60; over \$300,000 and not exceeding \$500,000, \$100; over \$500,000 and not exceeding \$1,000,000, \$200; over \$1,000,000, \$10 for each \$100,000 or fraction of excess. If franchise tax is not paid by March 1st, a penalty of five per cent. is added. Ch. 148, § 43.

Registration Fee. In addition to the franchise tax a registration fee is imposed, payable on or before March 1st of each year, as follows: On maximum capital stock of \$15,000 or under, \$5; from \$15,000 to \$50,000, \$10; from \$50,000 to \$100,000, \$15; from \$100,000 to \$300,000, \$20; over \$300,000, \$25. Ch. 148, § 41; Const., § 157. Failure to pay registration fee for two years acts ninety days thereafter as a revocation of charter.

Local Taxation. As for individuals. Shares of stock are not taxed, when all the corporate property and capital are taxed. Ch. 148, §§ 2, 7, 146; Const., § 170.

General. On increase of capital stock and on extension of charter same fee is paid as on original incorporation, but if no fee was paid on incorporation the fee is computed on the full maximum shown by the amended charter. Ch. 148, § 39.

3. Incorporation.

Incorporators. Must be not less than three. Sub-ch. I, § 1. No requirements as to residence. Any incorporator may assign his interest in or rights under the charter. Sub-ch. V, § 6.

Formation.

1. **Certificate of Incorporation.** Must be signed and acknowledged by the incorporators, within or without the State (Sub-ch. V, § 48), before an officer authorized by the laws of Virginia to take acknowledgments (Sub-ch. I, § 3), and must set forth (Id., § 2):

(1) Name of the corporation, which must contain the word "corporation" or "incorporated," and be such as to distinguish it from that of any other corporation engaged in a similar business.

(2) Location of its principal office in the State.

(3) Purposes for which it is to be formed.

(4) Maximum and minimum amount of the capital stock and its division into shares; if there be more than one class of stock, a description of each with the terms of creation.

(5) Period, if any, limited for its duration.

(6) Names and residences of the officers and directors, who unless sooner changed by the stockholders, are to manage the corporate affairs for the first year.

(7) Amount of real estate to which its holdings at any time are to be limited.

(8) Any other provisions, not inconsistent with the Act. The statutes specifically authorize provisions for cumulative voting (Sub-ch. V, § 19), and giving bondholders right to vote. *Id.*, § 29.

2. **Presentation to Local Judge.** The certificate of incorporation is first presented to a judge of the circuit court of the county, or of the circuit, or of the corporation or chancery court of the city in which the principal office is to be located, and if approved as to signature and acknowledgment, such judge endorses thereon his certificate that it complies with the law.

3. **Presentation to State Corporation Commission.** Thereafter, and on payment of the prescribed fee, the certificate is presented, with the receipt for the fee, to the State Corporation Commission, which may issue or refuse the charter.

4. **Filing and Recording.** If issued, the certificate with all endorsements and the order of the Commissioners thereon is certified by the Commission to the Secretary of the Commonwealth, who records it and thereupon certifies the same to the clerk of the circuit court of the county, or of the corporation court of the city in which the principal office is located, or of the clerk of chancery court of the city of Richmond if the principal office is located there, and it is recorded by such clerk, who also certifies on it the fact of such recordation and returns it to the clerk of the State Corporation Commission, who keeps it on file. Sub-ch. I, § 3.

4. Organization.

First Meetings. Until organization, the signers of the certificate of incorporation manage the affairs of the company and may in person or by proxy obtain subscriptions. They must give ten days' notice of organization meeting unless stockholders are all present or waive such notice by unanimous written consent. Sub-ch. I, § 4. Meeting must be held in State. Sub-ch. V, § 7. No provisions as to first meeting of directors.

By-Laws. May be adopted by the stockholders or the power may be delegated to the directors by the charter or resolution of the stockholders, in which case the by-laws are subject to amendment

and repeal by the stockholders. Sub-ch. V, § 8. They may provide for number and classification of directors and their authority and powers, for terms of office for directors and officers, for certification and transfer of stock, for calling and holding meetings of members, and generally for the government and regulation of the corporate affairs. *Id.*, § 2g.

Certificates. A sworn statement of the financial plan on which stock and bonds are to be issued must be filed with the State Corporation Commission before issuance of either. Sub-ch. V, § 9. (See "Capital Stock," § 7.) First annual report must be filed within thirty days after first election. Sub-ch. V, § 39.

If all officers and directors are non-residents of the city or county in which the principal office in the State is located, a practicing attorney at law, residing in such city or county, must be appointed by written power of attorney the attorney or agent on whom process may be served, and such power of attorney, executed annually, is recorded in the office of the proper clerk of court. Ch. I, § 14. For failure to comply with the provisions of this section for sixty days, there is a fine of from \$50 to \$100 for each day of continued default thereafter, and after six months default, charter may be forfeited. *Id.*

5. Corporate Existence.

When Commenced. As soon as the certificate of incorporation is lodged with the Secretary of State for recordation. Sub-ch. I, § 3. Duration is not limited by law but may be by the certificate of incorporation. *Id.*, § 2. It can not be inquired into collaterally. Sub-ch. V, § 27. It continues after expiration or dissolution for the purpose of closing corporate affairs. *Id.*, § 30.

Beginning Business. May be commenced forthwith and must be within two years. Sub-ch. V, § 51. The minimum amount of capital stock mentioned in the certificate of incorporation must, however, have been subscribed. Sub-ch. I, § 4.

Renewal. Existence may be perpetual. Sub-ch. V, § 2. No specific provisions for renewal. Reorganization is provided for on sale of property and franchises with prescribed procedure. *Id.*, § 36.

Forfeiture of Charter. Occurs on wilful failure to commence business in two years and for misuse of any essential corporate function. Sub-ch. V, § 51. Corporate franchise may be surrendered before the payment of any part of the capital stock or beginning of business, by merely filing a verified certificate thereof in the office of the clerk of the State Corporation Commission. Sub-ch. I, § 12. On failure or abandonment for three years of the corporate purposes, the corporation may be dissolved and assets be distributed on suit brought by one-fourth the capital stock. *Id.*, § 15. Forfeiture occurs without action ninety days after failure to file report or to pay annual registration fee for two successive years. Ch. 148, § 41; Const., § 157. Also on failure for six months to appoint agent. Sub-ch. I, § 14.

Dissolution. May be effected by two-thirds vote or unanimous written consent of the stockholders. Procedure prescribed in detail.

Sub-ch. I, § 11. The directors remain trustees after dissolution to wind up affairs, unless a receiver is appointed by the proper court on application of any creditor or stockholder. Sub-ch. V, §§ 31-34.

6. Corporate Powers.

General. Powers of broad scope are enumerated. Sub-ch. V, § 2.

To Hold Property. This power is given to the extent of such real and personal estate as the purposes of the corporation shall require and such other real estate as may be taken in satisfaction of debts. Sub-ch. V, § 2. The amount of its real estate holdings at any time are to be stated and limited by the certificate of incorporation. Sub-ch. I, § 2.

Its Own Stock. On non-payment of assessment and no bidder being found at public sale, stock is forfeited to the corporation. Sub-ch. V, § 28. Shares of stock of a corporation belonging to it shall not be voted directly or indirectly. *Id.*, § 23.

Stock of Other Corporations. This is permitted if authorized in the certificate of incorporation. Sub-ch. V, § 2h.

To Borrow Money. Bonded indebtedness may be created or increased only by vote of majority of the stockholders, in person or by proxy, at a meeting held on notice as prescribed for amendments. Sub-ch. V, §§ 2e, 4. Bondholders may be given the right to vote by the certificate of incorporation, and any such right must not be subsequently impaired. In case of default on the bonds, holders may also be given the same right of inspection of books, accounts and records as stockholders have and any other rights. Sub-ch. V, § 29.

To Do Business in Other States. This is permitted (Sub-ch. V, § 5), and is facilitated by the provisions of the statutes. *Id.*, §§ 48, 49. A principal office must, however, be maintained within the State with an agent therein on whom process may be served. Sub-ch. I, § 14; Sub-ch. V, § 5. It should be noted that when all officers and directors are non-residents of the city or county in which principal office is located, a failure for six months to file annual certificate of election, with power of attorney to resident attorney, renders charter liable to annulment by *quo warranto*. Sub-ch. I, § 14.

Consolidation or Merger. Between railroad corporations and other corporations exercising the right of eminent domain, is specially provided for. Sub-ch. II, § 2. Between ordinary corporations engaged in similar business, consolidations may be had by the usual proceedings, as modified by the specific regulations of the State concerning notice, filing and recording. Sub-ch. V, §§ 40-46.

Amendment of Charter. May be had by application of the incorporators before amount fixed by charter as minimum capital has been subscribed, by a supplemental certificate accompanied by receipt for proper fee, if any, and executed, certified and recorded in the same manner as the original certificate. Sub-ch. I, § 5. After subscription but before complete organization, application must be made to the State Corporation Commission by the subscribers and regular amendment fees paid. *Id.*, § 6.

After organization, amendments may be effected for any purpose that might have been attained in the original certificate of incorporation, except change of capital stock, by a two-thirds vote of each class of stock, at a meeting called on resolution of the directors, on notice stating the object, time and place, published six times a week for two successive weeks prior to the meeting, in or near the place where the principal office is located, or served personally, or by mail at least ten days before the meeting. Certificate of the amendment is executed by the president or a vice-president, under the corporate seal, attested by the secretary, and presented to the State Corporation Commission, with receipt for the fee, if any, prescribed for such amendment, and if allowed by the Commission, it is certified and recorded in the same manner as the original certificate. Sub-ch. I, § 7. (See "Increase or Decrease," under § 7.)

7. Capital Stock.

Amount. Minimum and maximum limit is to be stated in certificate of incorporation. Ch. I, § 2d.

Initial Payment. Minimum mentioned in the certificate of incorporation must be paid in before the corporation is organized and begins business. Id.

Consideration for Issue. Subscriptions to the capital stock may be paid in money, land or other property, leases, options, mines, minerals, mineral rights, patent rights, rights of way, or other rights or easements, contracts, labor or services; and there shall be no personal or individual liability on any subscriber beyond the obligation to comply with the terms he may have agreed to in his contract of subscription. Any corporation may adopt such plan of financial organization and may dispose of its stock or bonds for the purposes of its incorporation at such prices, for such consideration and on such terms and conditions as it sees fit, provided that before making any issue of its stock or bonds it shall file with the State Corporation Commission, a statement verified by the president or secretary, setting forth fully and accurately the financial plan or basis upon which such stock or bonds are to be issued, and where such basis includes services or property received or to be received, the statement must accurately specify the same in the manner prescribed by the Commission, together with the valuation thereof. The judgment of the directors as to value is conclusive in the absence of fraud participated in by both parties to the transaction. Sub-ch. V, § 9. For any violation of these provisions there is a fine of \$1,000 to be recovered at the suit of the State Corporation Commission. Id.; Const., § 167.

On non-payment of any assessment properly made by the directors, the same may be sued for, or sale of shares sufficient to pay same may be made on publishing notice three weeks once in each week, and twenty days' notice by mail to stockholder. If no bidder is found, stock and all previous payments are forfeited to the corporation. Sub-ch. V, § 28, amended by Ch. 555.

Increase or Decrease. Capital stock may be increased or decreased by regular amendment. Sub-ch. I, §§ 7, 9. Certificate of decrease must be published once a week for three weeks, first publication

within fifteen days after recordation, and be posted at the court house door within same time. No decrease to affect the rights of creditors. Id., § 10.

Classes of Stock. May be provided for in certificate of incorporation or subsequently by amendment; may be made redeemable at any time after three years from issuance, at not less than par. The dividend on preferred stock is to be stated in charter or amendment thereof, and may be cumulative. Sub-ch. V, § 13.

Par Value of Shares. Not prescribed.

Stock Certificates. Are to be signed by the president and treasurer or by any two officers authorized by the board of directors, and must certify the number of shares owned. Sub-ch. V, § 14. Full provision is made for the replacement of certificates lost or destroyed. Id., §§ 37, 38.

Transfer of Stock. Is to be regulated by the by-laws. Sub-ch. V, § 15. Transfer books are prescribed. Id., §§ 15, 18. No stock shall be transferred on the books until all the money payable thereon under the subscription agreement has been paid, unless assented to by the corporation in which case the assignor shall be no longer liable, but the assignee is liable for any instalments accrued or thereafter to accrue. Id., § 57.

8. Stockholders.

Rights and Powers. They have the usual control of amendments, dissolution, etc., ordinarily by two-thirds vote. Sub-ch. I, §§ 7, 9. One stockholder may cause election to be held by application to judge of the proper court, and may also inquire into propriety or legality of any election by the same means. Sub-ch. V, §§ 24, 25.

Liability. Stockholders are liable for unpaid balance on stock, according to their subscription agreements. Sub-ch. V, §§ 9, 28. Liability may be avoided by transfer of stock on the books with assent of the corporation. Id., § 57. For participating in any dividend out of the capital stock they are, however, liable to creditors for the amount received. Id., § 60.

Meetings. Are to be regulated by the by-laws. Annual meeting must be held in the State. Sub-ch. V, § 7. If election is not held on the day fixed, directors may call election at any time thereafter, or the judge of the proper court may call such meeting on application of any stockholder. Id., §§ 24, 25.

Notice. Two weeks' publication, six times each week, or four weeks' publication once each week, is prescribed, but may be avoided by unanimous consent, or by provision therefor in the charter or by-laws. Sub-ch. V, § 7.

Voting. Every stockholder is entitled to one vote for each share of stock standing in his name on the books of the corporation unless otherwise provided by charter or by-laws. Sub-ch. V, § 20. Cumulative voting may be provided for. Id., § 19. Transfer books are to be closed not exceeding thirty days before elections (Id., § 18), but

the date to determine voting rights may be fixed by the by-laws. Id., § 20.

Proxies. Voting may be in person or by proxy. Sub-ch. V, § 16.

9. Directors.

Number. Directors of general corporations must be not less than three, the number to be fixed by the certificate of incorporation. Sub-ch. I, § 13. A director may be removed at any meeting of the stockholders. Sub-ch. V, § 10. They may be classified and elected in rotation; but for no term longer than five years nor shorter than one, and the term of at least one class must expire each year. Id., § 12. By-laws may fix and alter number. Id., § 2g.

Qualifications. No statutory regulations.

Powers. Power to make by-laws may be delegated to them subject to amendment or repeal by the stockholders. Sub-ch. V, § 8. They continue as trustees after expiration or dissolution (Id., §§ 31-35), but court may appoint receiver on application of any creditor or stockholder. Id., § 32.

Liability. Directors and officers knowingly giving out or publishing any statement or report, false in any material respect, become jointly and severally liable for any loss or damage resulting to any person or corporation therefrom. Sub-ch. V, § 26. For declaring a dividend out of the capital stock, the assenting directors are jointly and severally liable to creditors for the amount so divided. Id., § 60. Suits to enforce such liability must be brought within two years after the right of action accrues. Id., § 35.

Meetings. May be held within or without the State. Sub-ch. V, § 5. Are to be regulated by by-laws. Id., § 2g. Quorum is a majority. Sub-ch. I, § 13.

Executive Committee. May be provided for by the by-laws or by the stockholders, to consist of two of the directors, and to exercise the powers of the board of directors to the extent authorized by resolution or by-laws. Sub-ch. I, § 13.

10. Officers.

General. A president is prescribed, who must be a director. Sub-ch. V, § 10. Also one or more vice-presidents, a secretary and one or more assistant secretaries, and such other officers and agents as the charter may provide. Id., §§ 10, 11. The president is elected by the stockholders, unless otherwise provided by law or by by-laws. Id., § 10. By-laws are to regulate terms, compensation, etc. Id., § 2g. If all the officers and directors are non-residents of the county or city in which the principal office is located, a resident agent must be appointed on whom process may be served. Sub-ch. I, § 14. (For liability, see "Directors," § 9.)

11. Principal Office.

Must be maintained in the State and must be named in certificate of incorporation (Sub-ch. I, § 2b; Sub-ch. V, § 5), with an agent on whom process may be served. Sub-ch. I, § 14. Both are to be stated in annual report. Sub-ch. V, § 39.

12. Corporate Books.

What Required. A transfer book is specified. Sub-ch. V, § 18. A register of stockholders' names and addresses is to be kept by secretary. *Id.*, § 49.

Where Kept. No provisions.

Examination of. Bondholders may be given same right to examine books which stockholders have under the common law. Sub-ch. V, § 29.

13. Reports.

After the first elections of officers and directors, and thereafter within thirty days after the time appointed for holding its annual election, a report, verified by the president or vice-president and secretary, must be filed in the office of the State Corporation Commission, stating: (1) Name of the corporation. (2) Location (county or city, street and number, if any) of its principal office in the State and the agent on whom process may be served. (3) Character of the business. (4) Amount of authorized capital stock, if any, and amount actually issued and outstanding. (5) Names and addresses of officers and directors and when their respective terms expire. (6) Date, if any, appointed for the next annual meeting of stockholders. A fine of not less than \$25 nor more than \$100 is to be imposed and judgment entered therefor by State Corporation Commission for failure to file this report. Ch. V, § 39.

By February 1st of each year the maximum capital stock must be reported to State Corporation Commission as of January 1st preceding, on blanks furnished by the Commission; and on paying the registration fee, every corporation must make a report of its business, status or condition, on blanks likewise furnished. Ch. 148, § 41.

14. Foreign Corporations.

How Authorized to Do Business. Every foreign corporation before doing business in the State must present to the State Corporation Commission: (a) A written power of attorney, executed in duplicate, appointing some person resident of the State its agent on whom process may be served; (b) two duly authenticated copies of its charter; (c) a certificate of the State Auditor of public accounts showing the payment into the State Treasury of the fee required by law; whereupon the Commission issues license to do business in the State. An office must be maintained in the State. Ch. 242; Code, § 1104.

Fees are the same as the charter fees of domestic corporations. Ch. 148, § 38.

Penalties for Non-Compliance. Fine of from \$10 to \$1,000, each business transaction to be considered a separate offence. Officers, agents and employees transacting business to be personally liable, and to be liable also for all claims against their corporation held by residents of the State. Service of legal process on any of such officers, agent or employees is legal service. Ch. 242; Code, § 1105. Right to do business is also forfeited ninety days after failure to pay annual registration fee and file report for same for two years. Ch. 148, § 41; Const., § 157.

Taxation. Foreign business corporations pay same annual registration fees and franchise tax as domestic corporations; the former on penalty of forfeiture of right to do business in the State. Ch. 148, § 41. There are also numerous special franchise taxes.

Books. All regulations for domestic corporations apply to foreign corporations. Const., § 163.

Reports. Same annual report after election is required as of domestic corporations. Sub-ch. V, § 39. Also same statement of maximum capital stock and for registration fee, on penalty of fine from \$25 to \$100 for every thirty days of continued default. Ch. 148, § 41.

Attachments Against. Lie on ground of being a foreign corporation. Const., § 163.

15. Combinations and Monopolies.

The Constitution of 1902 directs laws to be enacted preventing all trusts, combinations and monopolies inimical to public welfare. § 165. This provision has not been carried into effect.

WASHINGTON.

1. Corporation Laws.*

Constitution. (1889.) Corporations to be formed under general laws, and not by special acts. Art. XII, § 1. Liability of stockholders, except of bank or insurance company, limited to amount unpaid on their stock. Id., § 4. Stock to be issued only to *bona fide* subscribers or their assignees; and no bonds or other obligations to be issued, except for money or property received or labor done. Stock to be increased only in accordance with general laws and by due consent of a majority of the stockholders. Fictitious increase of stock or indebtedness void. Id., § 6. State interest or ownership in corporations prohibited. Id., § 9. Discrimination in rates by railroads and consolidation of competing lines of railways, telegraph, telephone and express companies forbidden. Id., §§ 13-21. Trusts and monopolies prohibited. Id., § 22. Corporations controlled by aliens not allowed to own lands other than mineral deposits. Art. II, § 33.

Statutes. The general corporation law is contained in Ballinger's Annotated Codes and Statutes of Washington, 1897, Title XXIII, Chapter I. Under it corporations may be formed for any lawful trade or business. § 4250. Chapter II treats of foreign corporations; and the remaining chapters of said title apply specially to railroad, telegraph and telephone, boom, building and loan, religious, social and charitable corporations and patrons of husbandry. Amendments are found in L. 1899, 1901, 1903 and 1905.

2. Taxes and Fees.

Organization Expenses. To Secretary of State: Incorporation fee, \$10 (§ 4285); for recording, 15 cents per folio; for certified copy of articles, \$5, and 15 cents for each folio over twenty. §§ 4287, 4288. For certificates under seal of State, \$2. L. 1903, Ch. 151.

To County Auditors: Filing, 10 cents; indexing, 5 cents for first two names and 5 cents for each additional name; certified copy, 10 cents per folio; recording, 15 cents per folio, and 50 cents for certificate and seal. L. 1903, Ch. 151.

Franchise Tax. The annual license fee is \$10, payable on or before July 1st. § 4289. Penalty of \$2.50 is added if payment is made after that date but before January 1st next following; penalty thereafter is \$5 for every day the corporation continues to do business without payment thereof. Id.

* References are to Ballinger's Codes and Statutes, 1897, except where otherwise noted.

Local Taxation. Same as for individuals. Realty is assessed biennially; personal property annually as of March 1st. § 1660. Corporations must deliver to assessor sworn statements setting forth the name and location, the real property and where situated, and the nature and value of its personal property. § 1676.

General. To Secretary of State: Filing fee for any instrument, \$5, and 15 cents a folio for recording; certificate and seal of the State, \$2. On filing amendatory or supplemental articles or certificate of increase or decrease of capital stock, \$10. For filing and recording trade mark, \$5. § 4286; L. 1903, Ch. 151.

3. Incorporation.

Incorporators. May be any two or more persons. § 4251. They need not be residents. *Hastings v. Anacortes, etc. Co.*, 29 W. 224.

Articles of Incorporation. Must be subscribed and acknowledged by the incorporators in triplicate, and must state (§ 4251; L. 1905, Ch. 11):

(1) Name of the corporation. Similarity of names forbidden. L. 1903, Ch. 84. May be changed by filing supplemental articles of incorporation. L. 1905, Ch. 109.

(2) Objects for which it is formed.

(3) Amount of capital stock. No limitations.

(4) Time of its existence, not to exceed fifty years.

(5) Number of shares of which the capital stock shall consist.

(6) Number and names of trustees, to manage the corporate affairs for such time (not less than two nor more than six months) as the certificate may designate. One trustee must be resident of State. § 4255.

(7) Name of city, town or locality and county in which the principal place of business is to be located.

Filing and Recording. One copy of the articles of incorporation must be recorded in the office of the Secretary of State, and one in the office of the auditor of the county in which the principal place of business is located, the third being retained by the corporation. § 4251. A copy certified by the county auditor or by the Secretary of State is *prima facie* evidence of the facts stated therein. § 4252.

4. Organization.

First Meetings. No provision as to first meeting of stockholders. The first meeting of trustees for election of officers must be held within thirty days after incorporation. § 4260. It is called by notice signed by one or more of the trustees named in the certificate, served personally on each, or published at least twenty days in some news-

paper in the county in which the principal place of business is located, or if none there, in a newspaper nearest thereto in the State. § 4258.

By-Laws. May prescribe notice of meetings (§§ 4255, 4276), method of transferring stock (§ 4261), regulate voting (§ 4255), and generally provide for the regulation of the corporate affairs.

Certificates. Within thirty days after filing articles of incorporation with the county auditor, the corporation must file with that officer a statement sworn to by its president, and attested by its secretary under the corporate seal, containing a list of its officers with their respective names, titles, addresses, and terms of office. § 4260.

5. Corporate Existence.

When Commenced. On payment of fees and filing articles of incorporation (§§ 4253, 4285), and extends fifty years, unless a shorter period is limited by articles. § 4251.

Beginning Business. Business may not be commenced until incorporation fees have been paid (§ 4285), nor until the whole amount of the capital stock has been subscribed, or for mining corporations, a majority of their stock. § 4250.

Renewal. May only be secured by re-incorporation, as renewal by amendment is expressly forbidden. § 4251; L. 1905, Ch. 11.

Forfeiture of Charter. *Quo warranto* lies for usurpation of corporate powers, and for acts for omissions which amount to a surrender or forfeiture of corporate rights. §§ 5780, 5789, 5790.

Dissolution. May be had voluntarily on vote of two-thirds of all the stockholders, by publication of notice once a week for eight weeks and hearing before superior judge of the county in which the office is located. If satisfied that the necessary preliminary steps have been taken and all claims against the corporation are discharged, the judge enters an order declaring it dissolved. § 4275.

6. Corporate Powers.

General. The usual powers are enumerated. §§ 4253, 4254.

To Hold Property. The power "to purchase, hold, mortgage, sell and convey real and personal property" is expressly given without limitation (§§ 4253, 4254), except as to corporations the majority of whose stock is held by aliens, which may not hold land, except mineral deposits. Const., Art. II, § 33.

Its Own Stock. No provisions.

Stock of Other Corporations. The power is granted and corporations are further allowed "through their duly authorized officers to execute all and any instruments necessary to carry out the powers conferred." Subscriptions may be made to stock of other corporations. § 4267; L. 1905, Ch. 27.

To Borrow Money. The power is conferred. §§ 4253, 4266. Corporate debts must not exceed the capital stock. § 4271.

To Do Business in Other States. The power is implied. § 4255; *Hastings v. Anacortes, etc. Co.*, 29 W. 224.

Consolidation or Merger. Is prohibited to railroad companies owning competing lines. Const., Art. XII, § 16. No provisions as to general corporations.

Amendment of Charter. May be effected by a majority vote of the trustees, and vote or written assent of two-thirds of the capital stock. The president and secretary to certify the amendment in triplicate under the corporate seal, and file same as were original articles. L. 1905, Ch. 11. Special provisions apply to increase or decrease of capital stock (§§ 4271-4273), removal of principal office (§ 4276), and change of name. L. 1905, Ch. 109. (See under § 7, "Increase or Decrease," and § 11, "Principal Office.")

7. Capital Stock.

Amount. Is not limited by law, but is to be stated in articles of incorporation. § 4251.

Initial Payment. Is not prescribed, but the entire capital stock must be subscribed for before beginning business. § 4250. Of mining companies only the greater portion is required to be subscribed. § 4280.

Consideration for Issue. Must be money or property received or labor done. Const., Art. XII, § 6. As to mining companies, owners of mining claims may incorporate without subscribing to stock, each owner being deemed to have subscribed the amount of the value of his claim to such capital stock, to date from the execution and delivery of deed or other instrument conveying title to the corporation. § 4280; *Campbell v. McPhee*, 36 W. 593.

Assessments, unless otherwise prescribed by the by-laws, may be made by the trustees in their discretion. Sale of delinquent stock to be published at least four weeks. § 4262.

Increase or Decrease. May be had on a vote of two-thirds of the shares of stock at meeting held on notice signed by a majority of the trustees, published at least eight weeks in a newspaper of the county in which the principal place of business is located, and if none there, in the newspaper nearest thereto in the State. § 4272. Certificate of the proceedings, showing the amount of capital stock actually paid in, the amount of corporate debts and liabilities, and the amount to which the corporate stock is to be increased or diminished, is to be signed and verified by the chairman and secretary of the meeting, and certified by majority of the trustees, and filed and recorded as were original articles of incorporation. § 4273. Before any reduction can be made, the amount of debts and liabilities must be reduced so as not to exceed the diminished amount of capital stock. § 4271; *Tait v. Pigott*, 32 W. 344.

Classes of Stock. Not provided for.

Par Value of Shares. Not prescribed.

Stock Certificates. No requirements.

Transfer of Stock. To be made as prescribed by the by-laws, but no transfer to be valid except as between the parties thereto, unless entered on the books of the company. § 4261.

8. Stockholders.

Rights and Powers. They control amendments, increase and decrease of stock, dissolution, removal of trustees, etc., by a two-thirds vote. §§ 4251, 4253, 4255, 4272, 4275; L. 1905, Ch. 11. Stockholders of mining companies holding stock to the amount of one thousand shares have special rights of examination of the property of the company. L. 1901, Ch. 120. The stockholders may prescribe manner of making assessments on stock. § 4262.

Liability. The stockholders are liable for corporate debts only to the extent of unpaid subscriptions. § 4266; Const., Art. XII, § 4.

Meetings. To elect officers, must be held within the State. § 4255. Time, place within the State, and manner of calling and conducting meetings are to be prescribed by the by-laws. Elections shall be by ballot, and by-laws may limit a stockholder to a single vote, or to one vote for each full paid share, or its equivalent, held by him. Voting by proxy is permitted. Id.

9. Trustees.

General. Directors may be removed by two-thirds vote of the stockholders at meeting called as the by-laws may prescribe. § 4255.

Number. Must be not less than two. § 4255.

Qualifications. Trustees must be stockholders. One at least must be a resident of the State, and a majority citizens of the United States. They shall respectively take and subscribe an oath of office. § 4255.

Powers. They have no unusual powers. They fill vacancies in board, except such as occur through removal of trustees by the stockholders. § 4255. They are trustees on dissolution. § 4274.

Liability. For making any dividends except from net profits, or for illegally paying out any part of the capital stock, the trustees are jointly and severally liable for the corporate debts to the full amount so paid out. § 4265. Liability may be avoided by entering dissent at large on the minutes. § 4265; *Tait v. Pigott*, 32 W. 344.

For making false entries, or for refusal or neglect to exhibit the books or allow them to be inspected and extracts made therefrom, or for refusal to furnish certified copy thereof on proper demand, offi-

cers are liable to fine of from \$100 to \$1,000 and damages to the injured party, and are guilty of a misdemeanor. § 4270. For false prospectus or representations regarding the corporation, officers or agents are liable to imprisonment of from one to five years in penitentiary or in county jail not more than one year, or fine not exceeding \$2,000, or both. L. 1903, Ch. 93.

Meetings. Time, place and notice may be prescribed by by-laws, but twenty days' notice must be given of first meeting. § 4258. A majority of the whole number of trustees constitutes a quorum. § 4257.

Executive Committee. No provisions.

10. Officers.

No statutory requirements. But annual reports must be signed by president and secretary. § 4259. Officers may be prescribed by the by-laws, with duties, qualifications and compensation. § 4253. There must be a resident officer or agent on whom service of legal process may be made. § 4255. (See "Liability," under § 9.)

11. Principal Office.

One must be maintained in the State in charge of an officer or agent, on whom service of process may be made. § 4255. It may be removed from one county to another by filing in the office of the auditor of the county to which it moves, a certified copy of the articles of incorporation. If removal is made to some other locality in the same county, publication must be made once a week for four weeks in the newspaper published nearest to the place from which the removal is made. § 4276.

12. Corporate Books.

What Required. Trustees must keep a book showing the names of all stockholders, alphabetically arranged, shares held by each, and time when they became owners of same. § 4269. Also a stock transfer book must be kept, showing names of the parties by and to whom stock is transferred, number and designation of shares, and the date of the transfer. § 4261.

Where Kept. At the office or principal place of business of the corporation. § 4269.

Examination of. The stock book is to be open to inspection of stockholders and creditors during usual business hours. They may make extracts or may demand and receive a certified copy of any entry therein, and of any paper on file in the office of the company. § 4269.

13. Reports.

Every corporation must annually on or before the second Tuesday of January file with the auditor of the county in which it has its

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principal place of business, a statement sworn to by its president, attested by its secretary under the corporate seal, containing a list of its officers, their titles, names and addresses and the term for which they have been chosen. § 4259. (For tax returns see "Local Taxation," under § 2.)

Publication for four weeks is required of notice of establishment or removal of principal place of business (§ 4276); of dissolution, or of increase or decrease of capital stock, eight weeks. §§ 4272, 4275.

14. Foreign Corporations.

How Authorized to Do Business. Foreign corporations may acquire the same powers and privileges as domestic corporations of the same class, by filing and recording with the Secretary of State a copy of charter or articles of incorporation, certified by the officer who issued the same or who is custodian thereof (§§ 4291, 4292); together with the appointment in writing under the corporate seal, signed by the president or other chief officer, of an agent residing at the place where the principal business of the company is to be carried on. The appointment must contain the name and residence of the agent, the location of the principal place of business of the incorporation and must authorize the agent to accept service. This appointment is recorded by the Secretary of State. § 4293. Fees are the same as for domestic corporations. § 4285; L. 1903, Ch. 151. But no foreign corporation organized to deal in real estate shall be permitted to do business in the State (§ 4291), nor may any corporation, the majority of the capital stock of which is owned by aliens, own land other than mineral deposits. § 4291; Const., Art. II, § 33.

Penalties for Non-Compliance. Agents conducting business in the State contrary to any of the above provisions are guilty of a misdemeanor, punishable by fine not exceeding \$250 or imprisonment not exceeding three months, or both. § 4298; L. 1899, Ch. 58.

Taxation. Annual license fees are the same as of domestic corporations with same penalties. § 4289.

Books and Reports. Are the same as prescribed for domestic corporations. §§ 1676, 4291; Const., Art. XII, § 7.

15. Combinations and Monopolies.

Monopolies and trusts for the purpose of fixing the price or limiting the production or regulating the transportation of any product or commodity, are prohibited. Const., Art. XII, § 22. Discrimination in charges by railroad companies is also prohibited. Id., § 15. The constitutional provision has been carried into effect only by a law as to commission merchants, prohibiting "any combination, conspiracy or pool for the purpose of artificially raising or depressing the market prices of any farm, dairy, orchard or garden produce, or of excluding from the market the produce of any particular locality grown or manufactured by any person." § 2920. Violation made misdemeanor, punishable by fine not exceeding \$250 or imprisonment not exceeding six months, or both (§ 2925), and revocation of license. § 2926.

WEST VIRGINIA

1. Corporation Laws.*

Constitution. (1872.) No corporation shall be created by special law. Art. XI, § 1. Stockholders shall be liable for corporate indebtedness to the amount of their stock subscribed and unpaid and no more. Id., § 2. In elections of directors stockholders may vote in person or by proxy, and shall have one vote for each share of stock owned; cumulative voting must be allowed. Id., § 4.

Statutes. The corporation laws are found mainly in the Code of West Virginia, 1899, amended in 1901, 1903 and 1905. Chapter 54 authorizes the formation of corporations for certain enumerated purposes and "for any other purpose or business useful to the public for which a firm or co-partnership may be lawfully formed in this State." Corporations so formed are subject to the provisions of Chapters 52 and 53 of the Code so far as applicable. Chapter 32, governing taxation of corporations, has been entirely re-enacted in L. 1905, Ch. 36.

Certain classes of corporations, such as title and trust, fidelity, surety and bonding companies, are, however, formed under independent acts of the Legislature. Banks, insurance and railroad companies, building and loan associations, etc., though formed under the provisions of Chapter 54, are subject to special provisions.

Corporations to buy and sell land for profit can not be formed under Chapter 54. Ch. 54, § 3.

2. Taxes and Fees.

For purposes of taxation, domestic corporations are divided into resident and non-resident corporations, the latter having their principal place of business or chief works located without the State. L. 1905, Ch. 36.

Organization Expenses. The organization tax in West Virginia is merely the license tax for the first year which must be paid in advance to the Secretary of State before the charter will issue. The license year begins on the first day of May. Any agreement of incorporation issued between May 1st and the last day of July inclusive, involves payment of the full annual tax for the current year. If issued after July 31st and before the first day of the ensuing March, the corporation must pay one-tenth the full amount of the annual

* References, except as otherwise noted, are to the Code of West Virginia (1899).

tax for each month or fraction thereof from the date of incorporation up to the first day of the following May. In no case, however, shall the amount paid be less than \$5 for a resident corporation and \$10 for a non-resident corporation. If the certificate issues on or after the first day of March and before the first day of May, the corporation must not only pay its proportional tax up to the first of May, but, in addition, the full tax for the following year. L. 1905, Ch. 36, §§ 126-129.

In addition to the annual license tax, fees must be paid to the Secretary of State as follows: For filing agreement for incorporation and issuing charter, \$10, but, if the agreement contains over 400 words, exclusive of certificates, 6 cents additional must be paid for each thirty words of such excess; for certified copy of charter to be filed in Clerk's office (See "Organization"), \$10, and 6 cents additional for each thirty words it may contain in excess of 400; for recording power of attorney of resident agent (not necessary for resident corporations), \$3. L. 1904, Ch. 13.

If the corporation desires to hold over 10,000 acres of land in West Virginia, a tax of 5 cents per acre for each acre in excess of 10,000 must be paid the Secretary of State. Ch. 54, § 6, subdiv. VII; L. 1905, Ch. 36. This tax is payable but once.

Fees to the County Clerk: For filing and recording charter, \$2.50 and 3 cents for each thirty words it may contain in excess of 400; for filing and recording power of attorney to resident agent (not necessary for resident corporations), \$1.25.

The annual fee to resident agent (See § 4, "Organization") is usually \$10.

Franchise Tax. The annual license tax is based upon the authorized capital stock and is different for resident and non-resident corporations. For resident corporations it is as follows:

Capital stock not exceeding \$5,000, \$10.

Exceeding \$5,000 but not more than \$10,000, \$15.

Exceeding \$10,000 but not more than \$25,000, \$20.

Exceeding \$25,000 but not more than \$200,000, \$20 for first \$25,000 and \$5 for each additional \$25,000 or fraction thereof.

Exceeding \$200,000 but not more than \$500,000, \$55 for first \$200,000 and \$15 for each additional \$100,000 or fraction thereof.

Exceeding \$500,000 but not more than \$1,000,000, \$150.

Exceeding \$1,000,000, \$150 for first \$1,000,000 and \$40 for each additional \$1,000,000 or fraction thereof. L. 1905, Ch. 36, § 126.

For non-resident corporations:

Capital stock not exceeding \$10,000, \$15.

Exceeding \$10,000 but not more than \$25,000, \$20.

Exceeding \$25,000 but not more than \$100,000, \$20 for first \$25,000 and \$10 for each additional \$25,000 or fraction thereof.

Exceeding \$100,000 but not more than \$1,000,000, \$50 for first \$100,000 and 25 cents for each additional \$1,000 or fraction thereof.

Exceeding \$1,000,000 but not more than \$2,000,000, \$275 for first \$1,000,000 and 20 cents for each additional \$1,000 or fraction thereof.

Exceeding \$2,000,000 but not more than \$4,000,000, \$475 for first \$2,000,000 and 10 cents for each additional \$1,000 or fraction thereof.

Exceeding \$4,000,000, \$675 for first \$4,000,000 and \$50 for each additional \$1,000,000 or fraction thereof. L. 1905, Ch. 36.

The license tax year begins May 1st and the tax must be paid in advance. The State Auditor must, between the fifteenth day of February and the fifteenth day of March, notify every corporation liable to this tax, of its amount and time of payment. Any tax on land in excess of 10,000 acres (See under § 2, "Organization Expenses") must be paid at this time—if not already paid—under same penalty as prescribed for failure to pay license tax. L. 1905, Ch. 36. (See § 13, "Reports.") License tax notices are sent to post-office address of corporation, as shown by the records in the office of Secretary of State, or may be sent to the resident agent if the corporation be non-resident.

The license tax is payable on or before May 1st to the State Auditor. If not paid by May 1st, name of the delinquent corporation is published, and a penalty is then incurred of one per cent. per month for the period of delinquency, but in no case less than \$5. If the delinquency is continued for thirty days after September 1st, proceedings are begun for forfeiture of charter. L. 1905, Ch. 36.

Local Taxation. Is based upon the actual value of the capital employed or invested in the corporate trade or business. This is determined by deducting from the corporate assets any property which may be exempt, any realty which is taxed where located, and any amounts owed to others as principal debtors. Stockholders are not taxed on their individual holdings of stock. Ch. 29, § 64. Non-resident corporations having no capital employed in the State are not, in practice, taxed locally.

General. Fee to Secretary of State: For certified copy of agreement of incorporation, \$10; for filing a certificate of change of name, of increase or decrease of authorized capital stock, of change of principal office, or amendment to certificate of incorporation, \$5; for recording a power of attorney and certificate thereof, \$3; for any other certificate, \$5. These fees include cost of the great seal or the less seal impressed on any such documents, as well as the filing, recording and indexing of same.

Fee to Secretary of State for endorsing, filing and indexing reports of corporations, and all other papers, \$1 each. L. 1904, Ch. 13.

3. Incorporation.

Incorporators. Must be five or more. No residential requirements. Ch. 54, § 6. Each must have paid in 10 per cent. of subscription before agreement is filed with Secretary of State. Id., § 7.

Agreement of Incorporation. Must be signed and acknowledged by each of the incorporators and contain (Ch. 54, § 8):

(1) Name, which must not be so similar to that of an existing corporation of the State that in the opinion of the Secretary of State it will lead to confusion or uncertainty.

(2) Location of principal place of business, stating the name of the city or town, the street number, the county and state, territory or country; also if it has or is to have chief works, their present or prospective location, if within the

State giving the district and county, or, if without the State, the state, territory or country.

(3) The objects for which it is formed.

(4) The amount of the total authorized capital stock; the number of shares into which it is divided with the par value of each share, the amount subscribed, and the amount paid in. If there be more than one class of stock, a description of each class with the terms of its issue.

(5) The names and post-office addresses of the incorporators and the number of shares subscribed for by each.

(6) The period of duration of the corporation. Limited to fifty years. Ch. 54, § 11.

(7) Any provisions which the incorporators choose to insert for the regulation of the business and for the conduct of the affairs of the corporation. Id., § 6; L. 1901, Ch. 35.

If the company desires to hold more than ten thousand acres of land in the State, the agreement must set forth the maximum acreage to be held. Ch. 54, § 6; L. 1901, Ch. 35.

The statutes contain no requirements as to amount of subscription to be made by each incorporator, but 10 per cent. of the amount subscribed must be paid in (Ch. 54, § 7) before the agreement of incorporation is filed, and an affidavit must be made by two of the incorporators and attached to the agreement, certifying that such payment has been made in good faith. Ch. 54, § 8.

Where it is desired to qualify as a resident corporation and thus take advantage of the lower license fee for such corporations, at least two of the incorporators must make an affidavit in form prescribed, to the effect that the principal place of business and the chief works are located in the State in good faith, and not to evade the law. L. 1905, Ch. 36, § 127.

Filing and Recording. The agreement, with the incorporators' acknowledgments and affidavits, must be filed with the Secretary of State who, upon payment of his fees and the license fee for first year, issues a charter under the Great Seal of the State. L. 1905, Ch. 36, §§ 126-128.

Within three months after its issue the corporate charter or a certified copy thereof must be filed with the clerk of the county where the principal office is located, or if that is in another state, in the county where the agent designated to receive service of process resides. Ch. 54, § 20; L. 1901, Ch. 35.

4. Organization.

First Meetings. The first meeting of stockholders for election of directors and adoption of by-laws may be held within or without the State (Ch. 54, § 23) as soon as charter is granted and must be held within six months of that time. The majority of the incorporators fix the time and place of meeting. Notice thereof must be given in a newspaper of general circulation near principal place of business once

a week for two weeks, unless waived by the written consent or presence at the meeting of all the incorporators. Ch. 54, §§ 15, 23; L. 1901, Ch. 35. Voting may be by proxy, and cumulative voting must be permitted. Ch. 53, § 44; Const., Art. XI, § 4.

The directors must meet as soon as possible after the election and elect a president and vice-president from their own number. Ch. 53, § 50; L. 1901, Ch. 35.

An attorney to receive service of process must be appointed within thirty days after organization. Ch. 54, § 24. Foreign and non-resident domestic companies must also designate the State Auditor as such attorney, paying him an annual fee of \$10 on May 1st. Penalty for non-compliance, \$100, and on refusal to pay fine, forfeiture of charter. L. 1905, Ch. 39.

Resident domestic corporations must file name of attorney with Secretary of State and clerk of county of principal place of business. Ch. 54, § 24.

By-Laws. May be adopted and amended by the stockholders alone. Ch. 53, §§ 2, 55. They may provide for time, place, notice and quorum of stockholders' meetings (Ch. 53, §§ 41, 42; L. 1901, Ch. 35), may prescribe number, qualifications and quorum of directors (Ch. 53, § 49), and may require bonds from officers. Ch. 53, § 53; L. 1901, Ch. 35. All these matters if not provided for in the by-laws are regulated by statute.

Certificates. Within ninety days after the election of officers, a report must be filed with the Secretary of State, giving names and addresses of the president and secretary, and post-office address of the principal office of the corporation. Ch. 53, § 46; L. 1901, Ch. 35.

5. Corporate Existence.

When Commenced. On issuing of certificate of incorporation by Secretary of State. Ch. 54, § 10. Business corporations are limited to term of 50 years. Id., § 11.

Beginning Business. May be begun as soon as certificate has been issued. Must be begun within one year. Ch. 53, § 6.

Renewal. May be had for term of 50 years by majority vote of stock taken at a duly notified meeting. Ch. 54, § 11, amended L. 1901, Ch. 35.

Forfeiture of Charter. On failure to organize and begin business within one year, corporation is *ipso facto* dissolved. Ch. 53, § 6. Suspension of business for two years has same effect. Id., § 7. If the number of stockholders is at any time reduced below five, and remains so for six successive months, the corporation is dissolved. Id., § 17. Failure to appoint resident agent or to pay annual license fee, is ground for forfeiture. Ch. 54, § 24; L. 1905, Ch. 36, § 136.

Dissolution. Majority of stockholders at a properly notified general meeting may vote to dissolve, provided all debts are paid or secured. Certified copy of the resolution, signed by the president and under the corporate seal, to be filed with Secretary of State (Ch.

53, § 56), and resolution must be published six weeks. Involuntary dissolution and receivership provided for. *Id.*, §§ 57-59.

6. Corporate Powers.

General. The usual powers are enumerated. Ch. 52, § 1.

To Hold Property. Corporations may hold both real and personal property necessary to carry out purposes of incorporation. Ch. 52, § 1. Real estate is limited to 10,000 acres in the State unless the articles of incorporation authorize a greater amount. Ch. 54, § 6.

Its Own Stock. This power is granted. The corporation may either cancel, hold, or sell the stock. While owned by the company it is non-dividend bearing and not entitled to vote. Ch. 53, § 18; L. 1901, Ch. 35.

Stock of Other Corporations. Corporations may purchase securities of any joint stock company or become surety for same. Ch. 53, § 3. If engaged in manufacturing, a two-thirds vote of the stock is required prior to such subscription or guaranty. Ch. 53, § 3.

To Borrow Money. No limitations imposed. There are regulations for mortgaging property and franchises, issuing registered or coupon bonds and exchange of one for the other at the option of the holder. Ch. 54, §§ 82-82 b.

To Do Business in Other States. Corporations are given full power to conduct their business, maintain their principal office and hold meetings of both stockholders and directors outside the State. Ch. 54, § 23; L. 1901, Ch. 35.

Consolidation or Merger. No statutory provisions, except as to railroad corporations. Ch. 54, § 53. Prohibited between competing roads. Const., Art. XI.

Amendment of Charter. There is no general provision for amendment of charter. An entirely new agreement may be made by observing the same formalities as are required to secure original charter. Ch. 54, § 10; L. 1901, Ch. 35. The capital stock may be increased or diminished, or the par value of shares changed by majority vote of the stock. Ch. 54, §§ 21, 22; L. 1901, Ch. 35. Corporate existence may be extended. Ch. 54, § 11; L. 1901, Ch. 35. Corporate name may be changed. Ch. 53, § 12. The principal office may be moved. Ch. 54, § 21.

7. Capital Stock.

Amount. Unlimited.

Initial Payment. Ten per cent. of amount subscribed. Ch. 54, § 7.

Consideration for Issue. Money, property or services, if taken at fair valuation, may be accepted for stock. *Bank v. Lumber Co.*, 32 W. Va. 357; *Richardson v. Graham*, 45 W. Va. 134. Stock must be

sold at par unless three-fourths of the outstanding stock votes otherwise at properly called special meeting. Ch. 53, § 24; L. 1901, Ch. 35.

Where property or services are accepted in exchange for stock, details must be entered on the permanent records of the company. Id. At least ten per cent. of par value of each share must be paid on subscribing, and the residue as required by the directors. Ch. 53, §§ 25, 26.

Increase or Decrease. Of capital may be effected by majority vote of stock at meeting held on two weeks' published notice. Certified copy of resolution signed by president must be filed with Secretary of State. Ch. 54, §§ 21, 22.

Classes of Stock. The agreement of incorporation may provide for classification of stock, or by-laws may regulate its issue. Also stockholders may issue preferred stock without provision having been made in either of these ways, but two weeks' notice of special meeting for the purpose must be published in newspaper near principal office. Ch. 53, § 16. If issue be made under authority of a resolution or a by-law, notice must first be published two weeks in county of principal office, or if a non-resident corporation, at capital of the State. Ch. 53, § 16; L. 1901, Ch. 35.

Par Value of Shares. May be of any amount but all shares must be of same denomination. Ch. 53, § 15. May be changed in same manner as stock is increased or decreased. Ch. 54, § 21.

Stock Certificates. Certificates must be signed by the president or vice-president and such other officers as the board of directors determine. The amount paid on each share must appear on the certificate and corporate seal must be affixed. Ch. 53, § 35.

Transfer of Stock. By-laws are to prescribe mode of making transfers. Ch. 53, § 21. Shares not fully paid for may be transferred only with the consent of the directors. Id., § 22. Original certificate must be surrendered unless proved to have been lost or destroyed. Id., § 36. Endorsement and delivery passes title but the corporation may treat stockholder of record as the owner of the recorded stock. Id., §§ 19, 37. The stock transfer book may be closed by order of directors thirty days before stockholders' meeting. Ch. 53, § 21.

8. Stockholders.

Rights and Powers. May remove directors. Ch. 53, § 49. May sell property and assets by vote of sixty per cent. of stock. Ch. 54, § 83. May authorize sale of stock below par by three-fourths vote. Ch. 53, § 24. May dissolve corporation, amend charter, or adopt new agreement by majority vote. Ch. 53, § 56; Ch. 54, § 10.

Liability. Stockholders are liable only to amount of unpaid subscriptions. Const., Art. II, § 2.

Meetings. May be held at principal office, either within or without State, unless otherwise provided by by-laws. Ch. 54, § 23. If no

other date is provided by by-laws, annual meeting must be held on fourth Tuesday of January, at 11 a. m. Ch. 53, § 41; L. 1901, Ch. 35.

Notice. By-laws may provide for notice of meetings. If otherwise, notice must be given by publication once a week for two successive weeks in newspaper of general circulation near principal office, if that is within the State, otherwise in newspaper published at capital of State. Ch. 53, § 41.

Quorum. Unless otherwise provided by by-laws, a majority constitutes a quorum. Ch. 53, § 42.

Voting. Each share is entitled to one vote at ordinary meetings. Ch. 53, § 44. At elections the stockholders have the right to cumulate their votes. Const., Art. XI, § 4. Transfer book to be closed not exceeding thirty days before meeting. Ch. 53, § 4.

Proxies. Voting by proxy is allowed; to be regulated by by-laws.

9. Directors.

General. Unless otherwise provided by the by-laws, directors must be stockholders and residents of the State. Ch. 53, § 49. They hold office until their successors are elected and qualified. Id.

Number. Unless otherwise prescribed in the by-laws, there must be five directors. Ch. 53, § 49. Number may be changed by amendment to by-laws and there is no requirement as to filing notice of change. Id.

Qualifications. May be prescribed by by-laws. Otherwise every director must be a stockholder and a resident of the State. Ch. 53, § 49. By-laws may require bonds. Ch. 53, § 53.

Powers. The directors have full power to manage the corporation subject to by-laws adopted by stockholders. Ch. 53, §§ 49, 55. Have power to fill vacancies on the board but not to replace a director removed by the stockholders. Id.

Meetings. May be held either within or without the State. Ch. 54, § 23. The board may prescribe when and where their meetings are to be held and what notice shall be given. Ch. 53, § 51. A majority is required to constitute a quorum, unless otherwise prescribed by by-laws. Ch. 53, § 49. Records to be signed by secretary and chairman. Ch. 53, § 52. No member to vote on question in which he is interested. Id.

Executive Committee. The board of directors may appoint an executive committee from their own number. Ch. 53, § 53.

10. Officers.

A president and a vice-president are prescribed, who must be directors (Ch. 53, § 50), also a secretary to keep the records (Ch. 53, § 52); and the board of directors may appoint such other officers and agents as they deem necessary, to hold office during the pleasure of the board. They may be required to give bonds. Ch. 53, § 53. Secretary must be required to take oath. Ch. 53, § 52.

11. Principal Office.

May be located either within or without the State. Ch. 54, § 23. May be changed by vote of majority of stock. Ch. 54, § 21. The location of principal office must be registered with Secretary of State within ninety days after it is determined or changed. Ch. 53, § 46; L. 1901, Ch. 35. Penalty for non-compliance, \$25 to \$100 fine. Id.

12. Corporate Books.

What Required. A transfer book is prescribed to be kept as provided by by-laws. Ch. 53, § 21. Also regular books of account (Id., § 54), records of proceedings of board of directors (Id., § 52), list of stockholders. Id., § 43.

Where Kept. No requirements.

Examination of. The property, funds, books, correspondence and papers of the company are at all times subject to inspection of board of directors or a committee appointed at general meeting of the stockholders. Records of proceedings of the board are open for thirty days before annual meeting to inspection of committee appointed by one-twentieth of the stock, and must be produced at any general meeting if required. Ch. 53, § 47; L. 1901, Ch. 35. List of stockholders, with number of shares of each, must be posted at principal office one month before annual meeting. Id., § 43. The books and papers are also subject to examination by legislative committees or agents. Id., § 60.

13. Reports.

Within ninety days after every election, or change in officers or location of principal office, the directors must cause to be filed with the Secretary of State, a report stating the names and post-office addresses of president and secretary and date of their election, and post-office address of the principal office of the corporation, with street and number, if any. Penalty for failure is fine, \$25 to \$100. Ch. 53, § 46.

At the time of paying annual license tax, every domestic corporation must deliver to the Auditor a statement signed by its president, secretary or treasurer, showing: The name of the corporation; date of its charter; name and post-office address of its attorney of record in the State; names and post-office addresses of its president, secretary and treasurer; amount of its authorized capital stock; number of acres of land held in the State, if the number exceed 10,000 acres; and such other facts as the Auditor may require. L. 1905, Ch. 36, § 133.

Reports under oath of president and secretary or bookkeeper, stating property, liability and condition, may be required by Legislature. Ch. 53, § 60.

Every resident domestic corporation, except railroad, foreign insurance, telegraph, express, telephone, pipe line, car line, bank and trust companies, must also annually between April 1st and June 1st make report, verified by president or chief accounting officers, to the

assessor of the county in which principal office or place of business is located, stating authorized capital, amount paid in on each share, assets (in detail as prescribed), moneys, credits, real estate and personal property, itemized statement of indebtedness desired to be deducted. L. 1905, Ch. 35, §§ 67, 77.

Directors must at each annual meeting report in detail as to the condition of the company. Ch. 53, § 46.

14. Foreign Corporations.

How Authorized to Do Business. Must file certified copies of charter with Secretary of State and with clerk of one of the counties where corporation does business. There must also be filed with the Secretary of State an acceptance of the laws governing foreign corporations. Also a report similar to annual report, stating sufficient facts to form basis for annual license tax for current year.

The State Auditor must be appointed attorney in fact to receive service of process, and power of attorney to him is filed in his office. L. 1905, Ch. 39.

The Secretary of State issues a certificate of compliance with the law and the same must be filed and recorded with the clerk of one of the counties where business is conducted, together with a copy of the company's charter. Ch. 54, § 30.

Fees. To Secretary of State for certificate, \$5. For filing certificate of acceptance, \$1; for recording power of attorney and issuing certificate, \$3. To Auditor, \$10. L. 1905, Ch. 39. Also annual license tax for current year. L. 1905, Ch. 36, § 131.

Penalties for Non-Compliance. Fine of from \$500 to \$1,000 for each month during which business is done without authority. Ch. 54, § 30. Non-compliance also constitutes a misdemeanor.

Taxation. To State Auditor: An annual license tax, based on amount of property owned and employed in the State as shown by report submitted to Auditor in February, must be paid. The minimum tax is \$100. L. 1905, Ch. 36, §§ 126, 128, 130, 131. Local taxation, same as for domestic corporations. Ch. 29, §§ 51, 64. If the company has property of \$5,000 in State it must pay the same license tax as domestic corporations. If its property is under that amount, it must pay the same as that required of non-resident domestic companies. L. 1905, Ch. 36, §§ 126, 128, 130, 136, 137.

Books. No statutory provisions.

Reports. Must be made annually, in the month of February, to the State Auditor, and be verified by the president, secretary or other executive officer, setting forth: (1) Name of corporation; name of state or country by which incorporated; date of incorporation; date of certificate of Secretary of State authorizing it to do business in West Virginia; place of principal office; names and post-office addresses of president, secretary, and officers charged with making returns for taxation; name and post-office address of its attorney of record in this State. (2) Number of shares of its authorized capital stock, and par value of each share. (3) Value of its property owned and used in West Virginia; where situated; of what consisting; num-

ber of acres of land held in the State, and value of ail property owned and used without the State. (4) Proportion of capital stock represented by property owned and used in West Virginia. L. 1905, Ch. 36, § 130.

15. Combinations and Monopolies.

No provisions, except the prohibition of consolidation between competing lines of railroad.

WISCONSIN.

1. Corporation Laws.*

Constitution. (1848.) Corporations to be created by general laws. Art. IV, § 31; Art. XI, § 1. Credit of the State not to be given or loaned to aid any corporation. Art. VIII, § 3.

Statutes. The general corporation law of Wisconsin is found in the Statutes of 1898, Title XIX, of which Chapters 85 and 86 contain general provisions and Chapters 87-94 refer specially to railroad, plank and turnpike, insurance, religious, fraternal, mutual loan and building, and banking corporations. Amendments are found in Laws of 1899, 1901, 1903, 1905.

Under the general law corporations, except those subject to special acts, may be formed for any lawful business. § 1771.

2. Taxes and Fees.

Organization Expenses. To Secretary of State on filing articles of incorporation: On capitalization of \$25,000 or less, \$25, and \$1 for each additional \$1,000. § 1772. Mining companies engaged in mining in Wisconsin pay same fees as other corporations on a capitalization up to \$150,000, but on any capital stock in excess of that sum, the fee is \$150. Id.; L. 1901, Ch. 238. For beet sugar and dairy corporations the fee is \$10 without regard to capitalization. Id. The organization fee covers filing and recording.

Recording and copying fees to Register of Deeds range from five to twenty cents per folio, according to county and to language used. § 764. Register's certificate, 25 cents. L. 1905, Ch. 507.

Franchise Tax. None imposed.

Local Taxation. If a corporation pays taxes on its property in the same manner as an individual its stock is exempt. § 1038.

General. On increase of capital stock, \$1 for each \$1,000 of increase; for any amendments, \$10. But for sugar and dairy product corporations, the fee for any amendment is \$5. 25 cents must be paid to Register of Deeds for certificate of recording, which is transmitted by him to Secretary of State. § 1772; L. 1905, Ch. 507.

* Sections given are of Statutes of 1898, except as otherwise noted.

3. Incorporation.

Incorporators. Must be three or more adult residents of the State. § 1771. They are in control until the directors are elected (§ 1773) and are personally liable for all debts incurred—other than to stockholders—before one-half of the capital stock has been subscribed and twenty per cent. paid in. § 1773; *Pietsch v. Krause*, 116 Wis. 344.

Articles of Incorporation. Must be signed and acknowledged by the incorporators and contain (§ 1772):

- (1) Purposes of the corporation.
- (2) Name and location of the corporation, in some city, village or town of the State. The name must not contain names of individuals in the manner ordinarily used in partnerships or business names, but is not illegal because of omission of word "limited." Must be such as to distinguish it from any other domestic corporation. L. 1905, Ch. 507.
- (3) Capital stock, if any; number of shares and par value of each. No limitations as to amount of capital or par value of shares.
- (4) Designation of general offices and number of directors which must not be less than three; directors may be divided into three classes, if desired.
- (5) Principal duties of the general officers.
- (6) Method and conditions on which members shall be accepted, discharged or expelled. (In stock corporations only stockholders to be members.)
- (7) Any other provisions consistent with law, including, if desired, the duration of the corporation's existence.

Filing and Recording. The original articles of incorporation or a true copy thereof, verified as such by the affidavits of two of the signers, must be filed with the Secretary of State. A like verified copy, with a certificate of the Secretary of State, showing date of filing in his office, must be recorded within thirty days in the office of the Register of Deeds of the county in which the corporation is located. § 1772; L. 1901, Ch. 238. The Register transmits to Secretary of State a certificate of date of recording, and the latter issues certificate of incorporation. L. 1905, Ch. 507. The articles are profitably executed in duplicate, this being the intent of 1905 amendments (Ch. 507).

4. Organization.

First Meetings. Of stockholders must be held within the State. Stats., p. 1272. May be held any time after one-half of the capital stock has been subscribed, and may be called by any two of the incorporators on ten days' notice in writing given personally, or by

two weeks' publication, but notice may be waived if all the subscribers for stock are present in person or by duly authorized attorney. § 1773. At this first meeting by-laws are adopted and directors elected. No provisions as to first meeting of directors.

By-Laws. Are usually adopted at the first meeting of stockholders and may provide for the government of the corporation, the conduct of its affairs, management of its property, manner of calling and conducting meetings, appointing proxies and mode of voting by proxy, terms of officers, and for officers additional to those designated in the articles. Suitable penalties may be provided for failure to observe by-laws, not exceeding \$20 for any one offence. § 1748.

Certificates. A list giving names and addresses of the officers must be filed within ten days after their election, in the office of the register of deeds in the county in which the articles of incorporation are recorded. § 1775b. Also with Secretary of State within twenty days thereafter. L. 1905, Ch. 507, § 5.

5. Corporate Existence.

When Commenced. On leaving copy of articles of incorporation for record with register of deeds of county where corporation is located. § 1772. It may be perpetual, unless limited in articles. Id. It continues three years after dissolution, with directors as trustees, for the purpose of winding up affairs, subject to power of court of competent jurisdiction. § 1764.

Beginning Business. May not be commenced, or debts contracted, until one-half of capital stock has been subscribed and twenty per cent. thereof actually paid in. § 1773. Must be commenced within one year. § 1763.

Renewal. No provisions, the law contemplating perpetual existence.

Forfeiture of Charter. For insolvency or suspending business for one year, the corporation shall be adjudged to be dissolved. § 1763. Failure to keep principal office in the State with records and books, is cause for forfeiture. § 1750. Violation of law against trusts, pools and conspiracies is cause for forfeiture of the charter, and Attorney General must bring action for annulment (§ 1791j, k, l; L. 1905, Ch. 507), and Attorney General and Legislature have general visitorial powers. On failure to file annual report for one year, Secretary of State must enter forfeiture on his records; this provision to take effect March 1, 1907. L. 1905, Ch. 507.

Dissolution. May be had by two-thirds vote of the stock at a special meeting, unless otherwise provided in the articles of incorporation. Procedure prescribed. § 1789; L. 1905, Ch. 507.

6. Corporate Powers.

General. General powers are enumerated. §§ 1748, 1775.

To Hold Property. This power is granted to extent of corporate needs (§§ 1748, 1767), except that alien corporations, or any corpora-

tion, more than twenty per cent. of the stock of which is owned by aliens, may not hold more than 320 acres of land, nor any interest in excess thereof, except such as may be received in payment of debts or by devise. § 2200a.

Its Own Stock. A solvent corporation not prohibited by its own charter may purchase its own stock. *Marvin v. Anderson*, 111 Wis. 387 (1901).

Stock of Other Corporations. No company shall hold stock in any other company except on consent of three-fourths of the stock of each company. Special provision is made for logging and mining companies enabling them on compliance therewith to hold stock in other corporations of a similar or supplementary character. § 1775. Stock so held is to be voted by the president of the holding corporation, unless the directors appoint some other person for the purpose, and one or more of the officers of the holding corporation may be elected directors and officers of the other corporation. § 1776a; L. 1905, Ch. 12.

To Borrow Money. Money may be borrowed for corporate purposes on consent of a majority of the stock. A sinking fund for the payment of debts may be created in like manner. § 1748; L. 1903, Ch. 12; L. 1905, Ch. 382. Property and franchises may be mortgaged. *Id.*

Bonds may be issued for money, labor or property actually received by the company, which estimated at the true money value, equals seventy-five per cent. of the par value of the bonds. *Pfister v. Co.*, 83 Wis. 86 (1892). Bonds may, however, be sold at the best price obtainable on the stock exchanges of Chicago, New York, Boston or Philadelphia. § 1753.

To Do Business in Other States. Branch offices or places of business may be established outside of the State. § 1748. See also L. 1905, Ch. 507, § 5.

Consolidation or Merger. No special provisions, but is obviously permitted. §§ 1775, 1788; *Nat., etc. Works v. Co.*, 105 Wis. 48 (1899).

Amendment of Charter. May be made to modify or enlarge the corporation's business or purposes, change its name or location, increase or diminish its stock, change its officers or directors, if not otherwise provided in the articles themselves, by a two-thirds vote of the outstanding stock, and by filing and recording duplicate certificates of amendment executed by the president and secretary under the corporate seal in the same manner as were original articles. § 1774; L. 1901, Ch. 238; L. 1905, Ch. 507.

7. Capital Stock.

Amount. Not prescribed.

Initial Payment. Twenty per cent. of the authorized capital stock must be paid in before commencing business. § 1773. One-half of the total stock must be subscribed. *Id.*

Consideration for Issue. Must be money or labor or property actually received by the corporation, which, estimated at its true

money value, equals the par value of the stock; all issues or increase of stock in violation thereof to be void. Stocks, however, may be sold on the stock exchanges of Chicago, New York, Boston or Philadelphia at the best price obtainable. § 1753; *La Crosse Co. v. Goddard*, 114 Wis. 610 (1902).

Assessments may be made by the directors in their discretion, unless otherwise prescribed by the articles of incorporation or by-laws. Payment thereof may be sued for, or after sixty days' default, stock may be sold at public auction on publishing thirty days' notice. § 1754. No calls may be made until one-half the stock has been subscribed and twenty per cent. paid in. § 1773; *Mining Co. v. Sherman*, 74 Wis. 226.

Increase or Decrease. Is effected by regular amendment of articles. Same fee must be paid on amount of any increase as on original incorporation. § 1772; L. 1905, Ch. 507. (See "Amendment of Charter," under § 6.)

Classes of Stock. May be created either on incorporation or subsequently on unanimous consent of the stockholders. Preferred stock may be cumulative but may not be preferred in distribution of assets. § 1759a. All privileges accorded to preferred stock shall be stated on all certificates both of preferred and common stock. L. 1903, Ch. 109.

Par Value of Shares. Not prescribed by law but is to be stated in articles of incorporation. § 1772.

Stock Certificates. Are not prescribed as to form or contents, except that privileges accorded to preferred stock must be stated on the certificate both of preferred and common stock. L. 1903, Ch. 109.

Transfer of Stock. Transfers or pledges of stock may be made by endorsement and delivery of certificates, but are not valid as to third parties unless entered on the books of the corporation. § 1751. Transfer on books, if refused, may be compelled by prescribed legal procedure. § 1752.

8. Stockholders.

Rights and Powers. A majority vote of the stock is necessary to convey or mortgage property. §§ 1748, 1775. Three-fourths vote necessary to hold stock of other corporations. § 1775. Two-thirds vote required for amendments of articles of incorporation. §§ 1774, 1790. All must consent to issue of preferred stock. § 1759a. Two may call meetings. §§ 1762, 1773; *Luther v. Co.*, 118 Wis. 112 (1903).

Liability. Stockholders are liable for unpaid subscriptions, and in actions to enforce such liability by creditors, credit is given only for actual payments in money or its equivalent, and not for dividends declared and applied on the stock. § 1758. The liability of any stockholder may be released by the corporation on transfer of the stock, and that of the transferee accepted instead, but the liability in the transferor continues as to claims then existing or incurred

within six months thereafter, and is recoverable by the receiver or assignee of the corporation. § 1756. Stockholders are liable for unlawful reduction of stock and illegal dividends. §§ 1755, 1765. Double liability exists for claims for labor not exceeding six months' services. § 1769. And judgment against the corporation is not prerequisite to enforcement. *Gilman v. Gross*, 97 Wis. 224 (1897); *Smith v. Dickinson*, 100 Wis. 574 (1898); *McNaughton v. Ticknor*, 113 Wis. 555 (1902).

Meetings. Must be held within the State. Stats., p. 1272. Elections are to be held annually, and if not called regularly by the proper officers, any two members may call meeting within ten days after the appointed date, in the manner prescribed for first meeting. §§ 1762, 1773.

Notice. May be provided in by-laws. When all the stockholders are present and sign consent on the record, notice may be waived. §§ 1761, 1773.

Quorum. A majority is a quorum unless articles of incorporation provide otherwise. § 1749.

Voting. Each share has one vote. Voting by proxy must be permitted at elections, and at other meetings if so provided in the by-laws. § 1760.

9. Directors.

Number. Must be not less than three; may be changed by regular amendment. § 1774. The directors may be divided into three classes, one to be elected each year. § 1772.

Qualifications. The directors must be stockholders. § 1776. No requirements as to residence, except that principal managing officer must be resident. § 1750. (See § 10, "Officers.")

Powers. The directors control stock held by their corporation in other corporations. § 1776a; L. 1905, Ch. 12. They remain trustees on dissolution. § 1764. They may be given special powers by charter provision. They can not make by-laws unless the charter so provides. *N. Milwaukee, etc. Co. v. Bishop*, 103 Wis. 492 (1899).

Liability. Dividends must not be paid until the capital stock has been fully paid in, nor otherwise than out of net profits. For payment of any dividend in violation of these provisions, the directors render themselves jointly and severally liable for corporate debts due at the time. § 1765. They are also liable if they transact business before one-half the capital stock is subscribed and twenty per cent. thereof actually paid in. § 1773; *Williams v. Brewster*, 117 Wis. 370 (1903).

Meetings. Are governed by by-laws. § 1748. A majority is required for a quorum. § 1749.

Executive Committee. No statutory provisions.

10. Officers.

General. A president must be elected by the directors from their number. § 1776. Other officers are to be provided for and their

duties fixed by the articles of incorporation (§ 1772), though additional officers may be provided for by the by-laws. § 1748, 5; *St. Clair v. Rutledge*, 115 Wis. 583 (1902). The principal managing officer or superintendent must reside in the State. § 1750. A list of the officers must be filed after each election or other change, specifying president, vice-president, secretary, treasurer and cashier, or managing agent on whom process may be served. § 1775b; L. 1899, Ch. 46.

Liability. For failure to file reports and for refusing information from books or as to stock, officers are liable for all resulting damage and to fine of from \$25 to \$100. § 1757; L. 1905, Ch. 347. For omitting to make entries they are liable to fine from \$25 to \$1,000 and for all damages. § 1759. Penal provisions as to embezzlement, etc., exist. §§ 4410, 4418, 4435, 4436. The circuit court has jurisdiction. § 3237.

11. Principal Office.

Is to be maintained in the State. § 1750. It may be changed by regular amendment. § 1774. An agent must always be in charge to receive service of process. §§ 1750, 1775b. No change of location is valid until a certified copy of the articles of incorporation is recorded in the office of the Register of Deeds of the county to which removal is had. § 1774.

12. Corporate Books.

What Required. A correct and complete record of all proceedings, including election of officers, is required. It may be kept in a foreign language if so provided in articles of incorporation. A stock book, containing the names of all members since the organization, with places of residence, amount of stock held, time of acquiring stock or becoming member, time of transfers or cessation of membership, must be kept. § 1759. Also books of account must be kept. § 1750.

Where Kept. Books must be kept at principal office in the State. § 1750.

Examination of. The stock and account books must at all reasonable times be open to the inspection of stockholders. Creditors are entitled to information at any time as to amount of capital stock subscribed, amount paid in, names of stockholders, number of shares owned by each, amounts unpaid on shares, and if any shares have been transferred within six months of inquiry, the name of the transferee, with amount due at the time of the transfer. § 1757. A statement of assets and liabilities must be on file at the principal office at least once in each year, duly verified by the treasurer or other proper officer. § 1750.

13. Reports.

Business corporations must annually in January file with the Secretary of State a report, sworn to by one of the principal officers, stating: (1) Name of corporation and location, giving street and

number. (2) Name and address of officers and directors. (3) Amount of authorized capital stock. (4) Amount actually paid in, in money, property and services. (5) Whether engaged in active business during preceding year. (6) Nature of business transacted during the year. (7) In what states the corporation is licensed to do business as a foreign corporation. Penalty for failure, \$10 up to June 1st; after that date Secretary of State publishes notice of such failure, in the county where corporation is located; and Register of Deeds posts list of defaulting corporations. If not filed by January 1st following, Secretary of State enters the forfeiture of charter on his records. Forms are sent out by Secretary of State during December. L. 1905, Ch. 507, adding § 1774a.

On any change in officers, names and addresses of officers elected must be filed with Secretary of State within twenty days after such change. L. 1905, Ch. 507. List of officers must also be filed with Register of Deeds within ten days after change, including name of agent on whom process may be served. § 1775b; L. 1899, Ch. 46. Affidavit must be attached to annual report, fully stating the facts as to the corporation's relation to any trust, pool or combination, etc. § 1791j; L. 1905, Ch. 507.

Change of name must be published three weeks on penalty of fine of \$25. § 1774. Publication of notices of meeting may always be avoided by waiver. §§ 1761, 1773.

14. Foreign Corporations.

How Authorized to Do Business. A foreign corporation before doing business in the State must file a duly authenticated copy of charter and amendments thereto with the Secretary of State (§ 1770b), and also a statement verified by the proper officer, stating: (a) Name of corporation and location of principal office or place of business within and without the State; (b) names and addresses of officers, and of agent or manager to represent corporation in the State; (c) amount of capital stock paid in money, property or services; (d) nature of business to be transacted in the State; (e) proportion of capital stock represented by property held or business done in the State as shown by one year's business next preceding; also, (f) constituting and appointing the Secretary of State its attorney on whom service may be made; (g) stating when the corporation was authorized; and (h) that it will comply with the laws of the State with regard to foreign corporations. L. 1905, Ch. 506. Fees are \$25, and \$1 for each \$1,000 of capital stock, exceeding \$25,000, employed within the State. Any subsequent amendment must be filed within thirty days after its adoption in the home state, and fee paid of \$10, and on increase of stock, in addition, \$1 for each \$1,000 of increase. Id., § 5. Affidavit must be attached that corporation has not violated provisions of anti-trust law. § 1770h.

Penalties for Non-Compliance. All contracts are void (L. 1905, Ch. 506, § 10) but enforceable against the corporation. Liability to a fine of \$500 is incurred. Id., § 11. License is revoked for attempt to remove any action brought against it by citizens of the State, into the United States courts. Id., § 6. Also for violation of anti-trust law, which is aimed more especially at foreign corporations. § 1770f-i.

(Wisconsin)

Taxation. The same as of domestic corporations of the same class.

Books. Foreign corporations are subjected to all the laws applicable to domestic corporations. L. 1905, Ch. 506, § 10.

Reports. On any change in officers, certificate of the names and addresses of the officers elected must be filed with the Secretary of State within twenty days after such change. L. 1905, Ch. 506, § 6. Annually, during the month of January, every foreign corporation must file with the Secretary of State a report verified by one of its chief officers, as of January 1st, stating practically the same facts required in the original statement filed, but in addition the total amount of business transacted by the corporation during the preceding year, and the true value of all its property, and the same facts as referring to the State of Wisconsin. Fee, \$2, but if the report shows an increase of stock since last report, also \$1 for each \$1,000 of increase. Penalty for not filing, \$25 up to April 1st; after that date, the license may be revoked. Id., § 7h. Affidavit must be attached that corporation is not guilty of any violation of anti-trust law. § 1770h.

Attachments Against. Lie on ground of being a foreign corporation. § 2731.

15. Combinations and Monopolies.

Are prohibited. §§ 1747e-h, 1791j-m. Special prohibitive provisions apply to foreign corporations. § 1770f-i. Fines for each offence, \$50 to \$3,000 (§ 1747e) and liability for damages; and corporate franchise, or license of foreign corporation is annulled. §§ 1770g, i; 1791m, l.

WYOMING.

1. Corporation Laws.*

Constitution. (1889.) Corporations may only be created under general laws. Art. X, § 1. Their control is reserved to State. Id., § 2; Art. I, § 30. Corporations must accept Constitution before doing business in the State. Art. X, § 5. May engage in but one general line or department of business, to be distinctly specified in charter. Id., § 6. Trusts are prohibited. Id., § 8. Investment of trust funds in stocks or bonds of private corporations is prohibited. Art. III, § 38. Public ownership or interest in corporations is prohibited. Art. XVI, § 6.

Statutes. Private corporations are formed under Division 2, Title 4, of the Revised Statutes of 1899, of which Chapters 1 and 12 (amended by L. 1903, Ch. 53; L. 1905, Ch. 13) contain general provisions; Chapter 13 (amended by L. 1901, Ch. 83; L. 1903, Ch. 40) treats of foreign corporations, and the intervening chapters treat specially of banks, building and loan, insurance, railroad, fraternal, fair, church and eleemosynary, agricultural and stock, and guarantee corporations.

Under the general law corporations may be formed for any manufacturing, mining, chemical, merchandising or mechanical business, constructing wagon roads, railroads, telegraph lines, ditches, flumes, tunnels, dealing in real estate or carrying on any other branch of business designed to aid in the industrial or productive interests of the country. § 3029.

2. Taxes and Fees.

Organization Expenses. To Secretary of State: On filing certificate of incorporation with capital stock not exceeding \$5,000, \$5; from \$5,000 to \$100,000, \$10; over \$100,000, \$10 and 5 cents additional for each \$1,000 of capital stock in excess of \$100,000. § 3030. This fee also covers filing and recording of certificate. § 3031. For certificate and seal, \$1 (§ 66); filing proof of publication, \$1 (L. 1905, Ch. 13); filing certificate of agent, \$2.50. L. 1903, Ch. 53.

To County Clerk: Recording fees, 50 cents for first 100 words and 10 cents a folio for excess; for copies, 15 cents per folio; certificate and seal, 50 cents. § 1155.

For publication of notice of incorporation, \$5 for the three notices. L. 1905, Ch. 13.

* References are to the Revised Statutes of 1899, unless otherwise noted.

Franchise Tax. None imposed.

Local Taxation. Capital stock of domestic corporations is not taxed. § 1774. On property owned they are taxed as individuals. Id.

3. Incorporation.

Incorporators. May be any three or more persons. § 3029. No requirements as to residence.

Certificate of Incorporation. Must be signed and acknowledged in duplicate by the incorporators, and must state (§ 3029):

(1) Name of the company. May be changed by regular amendment. § 3054.

(2) Object for which it is formed. Must be confined to one line or department of business. Const., Art. X, § 6.

(3) Amount of capital stock. No statutory limitations. Preferred stock may be provided for. § 3042.

(4) Term of existence, not to exceed fifty years.

(5) Number of shares of which the stock shall consist. Par value not prescribed.

(6) Number and names of trustees to manage the corporate concerns for the first year.

(7) Name of town or county in which the operations of the company are to be carried on. If the company is formed to carry on any part of its business in other states, the certificate of incorporation must so state, and must name the town or county within the State in which the principal part of its business therein is to be transacted. § 3034.

If by-laws are to be adopted by the trustees, the certificate should so provide. § 3039.

Filing and Recording. One copy of the certificate of incorporation is filed for record in the office of the clerk of the county in which the business of the company is to be carried on. The other is filed with the Secretary of State and is recorded by that officer. §§ 3029, 3032. A certificate must be filed with the Secretary of State within ninety days thereafter, designating the location of the principal office in the State and the agent in charge upon whom service may be made. L. 1903, Ch. 53. An acceptance of the State Constitution must be filed and recorded with the Secretary of State. § 3058; Const., Art. X, § 5.

A notice of the incorporation must also be published within thirty days after the filing with the Secretary of State, containing the name of the corporation; the object for which it is formed; amount of capital stock; term of existence; number of shares of which the stock shall consist; number of trustees and names of those who are to manage the business for the first year; name of town and county

in which operations are to be carried on; the location (by town or city, and street and number, if any) of principal office in the State, with name of agent in charge thereof. This is to be published three times in a newspaper of general circulation in the State, and proof of such publication must be filed with the Secretary of State within said thirty days. L. 1905, Ch. 13.

4. Organization.

First Meetings. Of stockholders must be held within the State. §§ 3034, 3083. No special provisions otherwise as to first meetings. The first trustees are named in the certificate. § 3029.

By-Laws. May be adopted by the trustees if the certificate of incorporation so provides. By-laws may prescribe the disposition of the stock of the company, the management of its business affairs, the duties of officers and their appointment, and provide for carrying on all kinds of business within the corporate purpose. §§ 3039, 3078.

Certificates. A certificate must be filed with Secretary of State within ninety days after incorporation, designating principal office and agent in charge thereof on whom process may be served. L. 1903, Ch. 53.

5. Corporate Existence.

When Commenced. On filing certificate of incorporation with Secretary of State. § 3032. May last fifty years. § 3029. Extends beyond expiration or dissolution, with directors as trustees, for winding up affairs. § 3260.

Beginning Business. May be commenced as soon as certificate of incorporation and acceptance of State Constitution has been filed with Secretary of State. § 3058; Const., Art. X, § 5. Must be begun within five years. § 4233.

Renewal. No provisions.

Forfeiture of Charter. Occurs on failure to publish notice of incorporation and file proof thereof with Secretary of State. L. 1905, Ch. 13. Also for failure to file certificate of principal office and agent within ninety days. L. 1903, Ch. 53. Quo warranto lies for non-user for five years or misuser, etc. §§ 4214, 4233-4246.

Dissolution. May be effected by two-thirds vote of the stock and publication of notice thereof at least six weeks in each county in which certificate of incorporation was filed, together with filing of such notice with Secretary of State and county clerks. Dissolution can not be had until the debts of the corporation have been fully paid. §§ 3258, 3260-3264.

6. Corporate Powers.

General. Common law powers are enumerated. §§ 3032, 3078.

To Hold Property. This power is given so far as is necessary for the corporate purpose. §§ 3032, 3046, 3078.

Its Own Stock. The corporate funds may not be used in purchase of its own stock. § 3040.

Stock of Other Corporations. A corporation may, in its discretion and to any amount, purchase, hold and own stock in any other company that is subsidiary and tributary to the holding company, and that does contribute to the objects and purposes of the holding company. This is a proviso to a general prohibition of the power. § 3040.

To Borrow Money. If the corporate indebtedness at any time exceeds the amount of the capital stock, the trustees of such company are liable for the excess. §§ 3049, 3053.

To Do Business in Other States. The power may be secured by proper provision in the certificate of incorporation. § 3034. An office and agent must, however, always be maintained in the State. § 3034; L. 1903, Ch. 53; L. 1905, Ch. 13.

Consolidation or Merger. To prevent competition, to control or influence productions or prices, or in any manner interfere with public good or general welfare, is prohibited. Const., Art. X, § 8. No other provisions.

Amendment of Charter. May be had to increase or diminish capital stock, extend or change the corporate business, change corporate name or the number of directors (§ 3029), by a two-thirds vote of the outstanding stock at a meeting called for the stated purpose by an officer on written application of a majority of the stock. Notice stating the proposed amendment and signed by such officer must be published in a newspaper in the county where the principal office in the State is located at least four weeks, and must also be mailed to each stockholder at least fifteen days before the meeting. Certificates of all the facts are to be executed by the chairman and secretary of the meeting, and filed and recorded in the same manner as the original certificate of incorporation. §§ 3053-3056.

7. Capital Stock.

Amount. Not prescribed.

Initial Payment. Ten per cent. of the capital stock must be paid within one year from incorporation. § 3045.

Consideration for Issue. The trustees may purchase mines, manufacturing or other properties necessary for their business, and issue stock to the amount of the value thereof, and the stock so issued shall be full paid stock; but in all statements and reports such stock must be reported according to the facts. § 3046. Certificate of full payment of capital stock, sworn to by president and a majority of the

trustees, must be recorded in the office of register of deeds within thirty days after last instalment. § 3047. Assessments, not exceeding 10 per cent. in any one month, may be made by the directors or trustees in their discretion. The shares and all previous payments are forfeited on default of sixty days after personal demand or six weeks' publication of notice of assessment. § 3038.

Increase or Decrease. Is had by regular amendment (§§ 3053-3056), but before any corporation may diminish its capital stock, the corporate debts and liabilities must be satisfied or reduced so as not to exceed such diminished amount. § 3053. The notice of meeting must state the amount to which it is proposed to increase or decrease the stock. § 3054. The certificate filed must show amount of capital paid in and amount of debts and liabilities. § 3056.

Classes of Stock. May be created by unanimous assent of the stockholders at any annual meeting or at any meeting called for the purpose as for amendment of certificate of incorporation (See "Amendment of Charter," under § 6), a certificate thereof to be similarly filed and recorded. § 3041. Or such preferred stock may be provided for in certificate of incorporation. § 3042. Dividends must not exceed seven per cent.; net earnings beyond that amount to be shared equally among the stockholders. § 3041. Holders of common stock to have prior right to subscribe for preferred stock in proportion to their holdings. § 3043.

Par Value of Shares. Not prescribed.

Stock Certificates. Not prescribed as to form or contents.

Transfer of Stock. To be regulated by by-laws. § 3040.

8. Stockholders.

Rights and Powers. They control amendments, dissolution, etc., by a two-thirds vote. §§ 3053-3056, 3258. A majority may order special meetings. § 3054.

Liability. The stockholders are liable only for unpaid assessments on their stock. §§ 3038, 3045, 3046.

Meetings. Must be held annually for the election of trustees. Time and place to be appointed by by-laws. § 3035. Must be within the State. §§ 3034, 3083.

Notice. Must be published not less than ten days before the meeting in the newspaper printed nearest to the place where operations are carried on. § 3035. If election is not held on the designated date, it may be called at any time thereafter in such manner as the by-laws may prescribe. § 3036.

Quorum. Must be at least one-half the stock. § 3035.

Voting. At elections must be by ballot, each stockholder having as many votes as he owns shares. § 3035.

Proxies. Voting may be in person or by proxy. §§ 3035, 3056.

9. Trustees.

Number. They must be not less than three nor more than nine. § 3035. Number may be changed by amendment. §§ 3029, 3053-3056.

Qualifications. Trustees must be stockholders. § 3035.

Powers. They have the usual powers. They fill vacancies on the board if the by-laws so provide. § 3035. Adoption of by-laws may be delegated to them by certificate of incorporation. § 3039.

Liability. For declaring and paying any dividend when the company is insolvent or which would render it insolvent or would diminish the capital stock, the trustees are jointly and severally liable for corporate debts then existing, or contracted while they remain in office. To escape liability, objection in writing must be filed with the clerk or secretary of the company and with the register of deeds of the proper county, before payment of the dividend. § 3048. For permitting corporate debts to exceed amount of capital stock, they are liable for such excess. § 3049. Penalties are imposed for signing, issuing or assigning false stock certificates. §§ 5157, 5158.

Meetings. Are to be governed by the by-laws.

Executive Committee. May be provided for by by-laws. §§ 3037, 3039, 3078.

10. Officers.

General. A president, who must be one of the trustees, is prescribed, and such other officers as the by-laws may designate. They may be elected or appointed and may be required to give security. § 3037.

11. Principal Office.

One or more places of business may be designated in the certificate of incorporation (§ 3033), within or without the State, but one office must always be maintained in the State (§ 3034) with an agent in charge on whom process may be served. L. 1903, Ch. 53.

12. Corporate Books.

What Required. Stock books are necessary to comply with the requirements of the statute. § 3055.

Where Kept. Not prescribed.

Examination of. A list of all stockholders with their residence must be furnished by the custodian of the stock books to the officer who orders meetings. § 3055. The treasurer is also required to furnish detailed financial statement of the corporate affairs under oath, on written request of not less than 15 per cent. of the stock, and such statement is to be kept at the treasurer's office, open to in-

spection for six months, and may be renewed each six months. There is a penalty of \$50 and \$10 additional for each twenty-four hours delay after twenty days from such request. § 3057.

13. Reports.

None required except certificate of full payment of capital stock (§ 3047), (See "Consideration for Issue," under § 7) and certificate of agent and office in the State. L. 1903, Ch. 53. (See "Certificates," under § 4.)

Publication is required three times of notice of incorporation, setting forth all the facts of the certificate. L. 1905, Ch. 13. Also various notices of meetings, usually for four weeks; of dissolution, six weeks; of change of name, four weeks; of annual election, ten days. §§ 3035, 3054, 3258.

14. Foreign Corporations.

How Authorized to Do Business. No foreign corporation is permitted to transact business in the State until it has accepted the Constitution of the State and filed such acceptance in accordance with law. § 3058; Const., Art. X, § 5.

Every foreign corporation must within thirty days after commencing business in the State file in the office of the Secretary of State and also in the office of the Register of Deeds of the county in which such business is conducted, a copy of its charter or of its certificate of incorporation with a copy of the general law under which it is incorporated, duly authenticated by the proper authorities of the state or country in which it was organized. § 3265. Fees are the same as on incorporation of domestic corporations. § 3030. Filing fee to Register of Deeds of \$1 for each paper. § 3269. Copies of charter must be filed with the county clerks of the counties in which it transacts business. L. 1903, Ch. 40.

Penalties for Non-Compliance. Personal liability of all officers, agents and stockholders for the corporation's debts and forfeiture of right to do business, to be restored by compliance and payment of \$5 per *diem* for time of default. § 3268; L. 1901, Ch. 83.

Taxation. The amount paid in on capital stock and any accumulated surplus (exclusive of real estate) is taxed as if owned by an individual. § 1774. There are special regulations for foreign insurance and building and loan companies. §§ 3271-3279. No annual license tax.

Books. No special requirements.

Reports. Are required only of corporations enjoying special franchises.

Attachments Against. Lie against as foreign corporations. § 4452.

(Wyoming)

15. Combinations and Monopolies.

Perpetuities and monopolies are contrary to the genius of a free state and shall not be allowed. Const., Art. I, § 30. Consolidation to prevent competition, or to control productions or prices, or to interfere with the public good or general welfare, is prohibited. Id., Art. X, § 6. No statutes have been passed directly prohibiting combinations or monopolies.

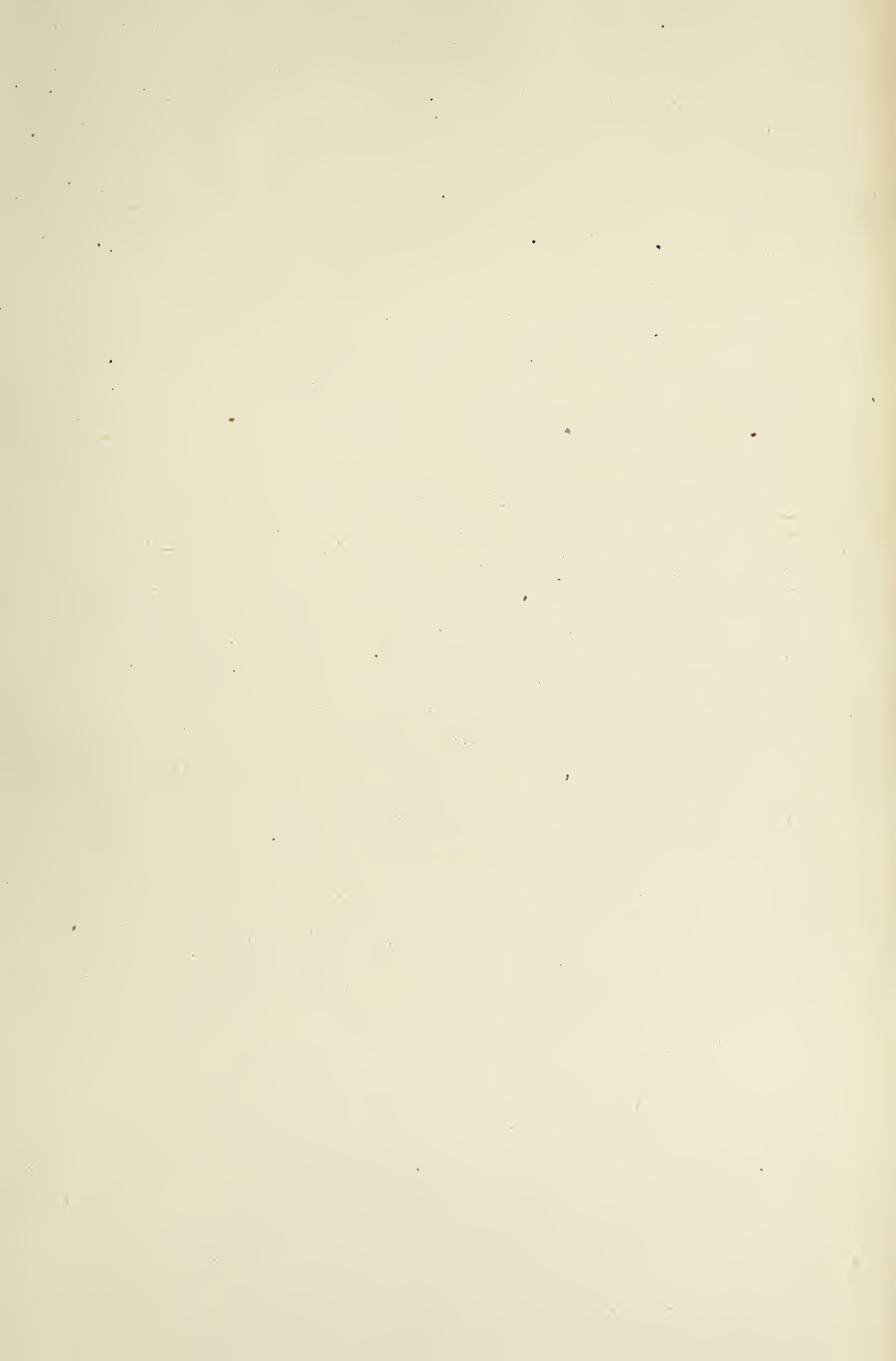
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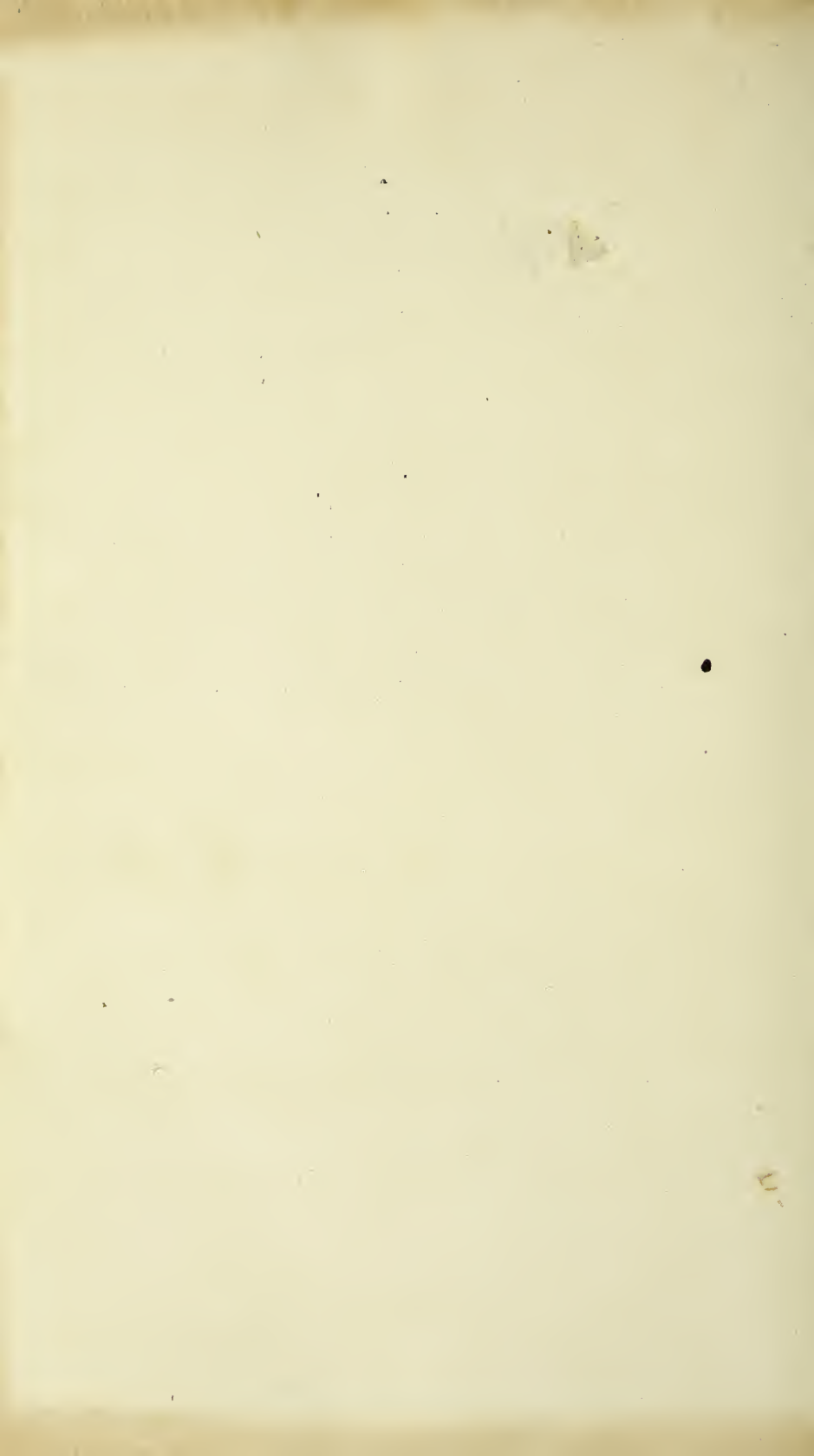
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